



# INDEPENDENT

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IN SECTION TWO

FINANCIAL AND LEGAL JOBS  
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for accountants and lawyers

## Growing pressure on Home Secretary over role in prison operations Howard 'not frank' with MPs

HEATHER MILLS  
and DONALD MACINTYRE

Michael Howard came under renewed opposition pressure last night after Jack Straw, the shadow Home Secretary, accused him of being "less than frank" with the Commons about how much he was involved in running the prison service.

Mr Straw's accusation came on a day of claim and counter-claim over whether Mr Howard intervened to seek the disciplinary suspension of the governor of Parkhurst, John Marriott, after the breakout from the high security jail last January.

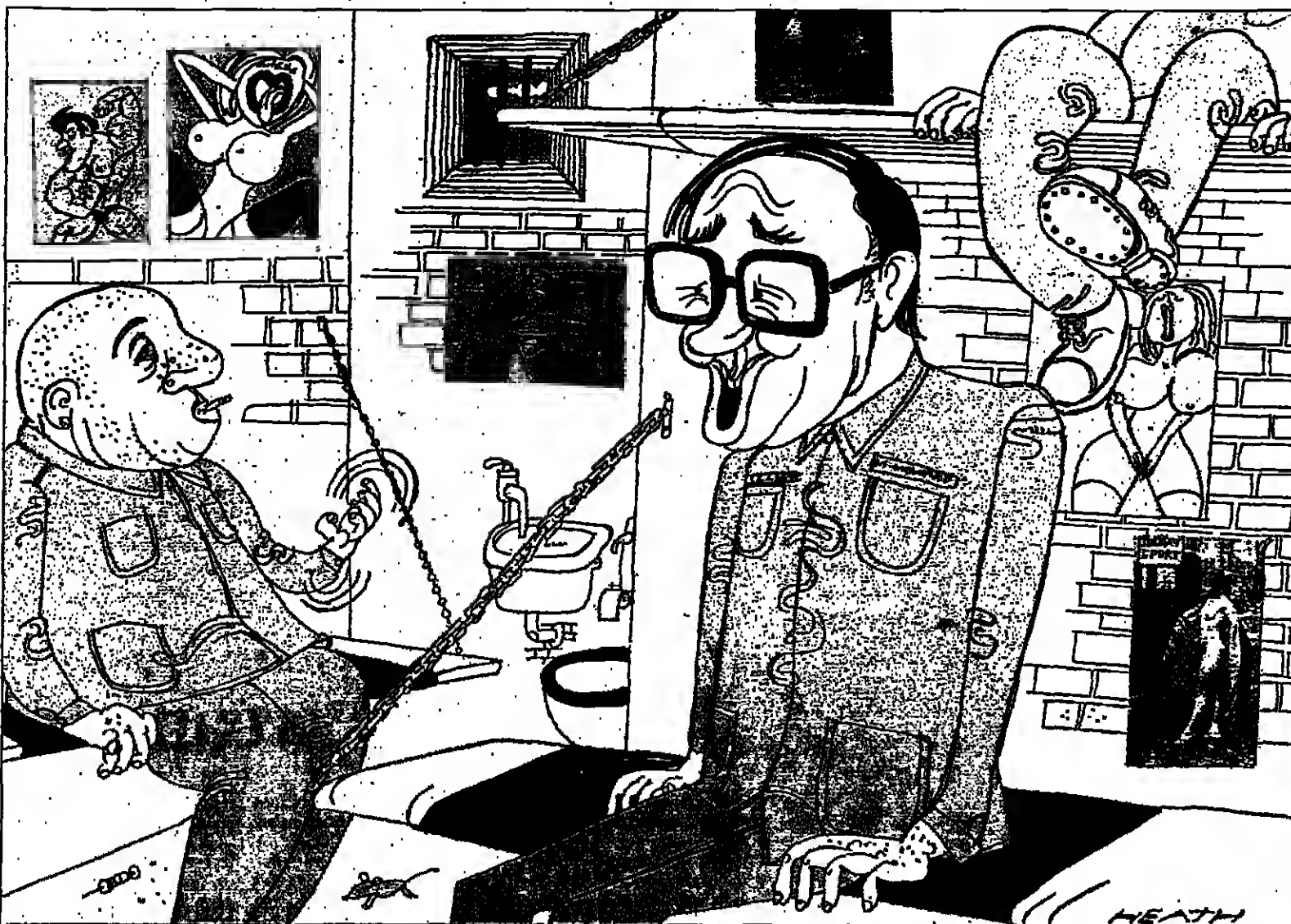
The Prime Minister was forced to the defence of the embattled Home Secretary amid growing calls for him to accept blame and resign over the security crisis in the Prison Service. Labour has called a half-day Commons debate tomorrow on Mr Howard's responsibility for the service and his decision to sack Mr Lewis, its director-general. Mr Major told the Commons: "I believe he has acted entirely properly throughout this affair. He has my full support."

At the centre of the row at Westminster was Mr Howard's alleged attempt to suspend Mr Marriott immediately after the escape.

But Mr Lewis was yesterday also thought to be ready to take issue with the possible involvement of Mr Howard's officials in the timing of the transfer of IRA prisoners to Northern Ireland - a controversial decision for which Mr Lewis shouldered the entire blame.

In the Commons Tony Blair, the Labour leader, asked Mr Major to confirm that "the Home Secretary personally told Mr Lewis that the governor of Parkhurst prison should be suspended immediately. When Mr Lewis objected as it was an operational matter, [Mr Howard] threatened to instruct him to do it."

"When Mr Lewis further objected the Home Secretary told



"I shouldn't be here! I'm innocent! It was the other chap what did it!"

the operational director of the prison service by fax that he was going to announce it in the House of Commons that day and duly did in his statement to the House."

In his reply Mr Major said that the Home Secretary was responsible to Parliament for the actions of the Home Office and for the actions of the government.

But he added: "He appointed Mr Lewis to run the prison service and the criticism of the last few days over the report [by General Sir John Learmonth] have been directed at the director of prisons and not at the Home Secretary."

Although neither Mr Howard nor Monday night the Prime Minister yesterday directly rebutted this claim in

Commons exchanges, the Home Office last night issued a statement saying that Mr Lewis had confirmed in a BBC television interview that the decision to remove Mr Marriott from his job of running Parkhurst had been taken by Mr Lewis alone.

The statement said that Mr Howard "did not tell Mr Lewis that the governor of Parkhurst

should be suspended immediately. The Home Secretary did not threaten to instruct Mr Lewis to suspend the governor of Parkhurst and the Home Secretary did not announce to the House of Commons that afternoon that the governor of Parkhurst had been suspended. Mr Marriott was moved to other duties in the Prison Service."

But Mr Straw insisted last night that the Home Office statement left open the question of whether the Home Secretary had sought disciplinary suspension - which did not in the event take place.

Mr Straw said on ITN last night: "I am saying Michael Howard has been less than frank with the House of Commons about his involvement

operational matters, namely the moving and possible suspension of the Governor of Parkhurst prison."

Labour sources yesterday claimed that Mr Lewis had been informed through a senior Home Office official that if he did not suspend Mr Lewis - as distinct from removing him from his current post pending an inquiry - Mr Lewis's own job could be at risk.

The Home Secretary told the Home Affairs Select Committee earlier this year that prison rules governing the removal of staff meant that there "was no need" to have any discussion with Mr Lewis about Mr Marriott's future.

He has also claimed that if "policy" failings rather than "operational" failings are shown to have caused the Parkhurst debacle, he would resign. He maintains the Learmonth inquiry cleared him.

Yesterday Judge Stephen Tumm, the Chief Inspector of Prisons, questioned the Home Secretary's attempts to divorce policy from operation. "If you are dividing policy and operations it means the Home Secretary is not responsible for anything at all," Judge Tumm said.

"Nothing is created by policy. What has created trouble is created through operational failure."

"That means the Home Secretary takes credit but is free of responsibility. I'm saying it's a bogus distinction," he told BBC radio. "The law says the Home Secretary has responsibility for prisons - that's the Prisons Act."

Mr Lewis said: "The degree of [Mr Howard's] involvement ranges from simply asking for information, to questioning decisions, to personally approving things like search plans."

Questioned about the depth of involvement, he said: "A great deal of involvement. Yes."

Howard row, page 2  
Miles Kingston, page 19

## Metro terror shocks France

MARY DEJEVSKY  
Paris

France was facing the prospect last night of a protracted urban terror campaign, after the eighth bomb blast in a wave of attacks by Algerian Islamic fundamentalists. The bomb tore through an underground commuter train as it sped through central Paris in the morning rush hour, injuring 29 people.

Speaking in the National Assembly yesterday afternoon, the French Prime Minister, Alain Juppé, said that a meeting planned between President Jacques Chirac and the Algerian president, Liamine Zerroual, in New York was for France to "express its point of view". It did not, he said, "imply support for one or another candidate" in Algeria's coming presidential elections. A grave Mr Juppé said that France would "not allow itself to be intimidated" and would "not capitulate in the face of barbarism".

Mr Chirac, who cut short an engagement in Tours to visit some of the injured in hospital, expressed his horror at the latest attack and condemned those who "resort to fanaticism".

The device exploded on a suburban train close to the foreign ministry at the Quai d'Orsay, blowing the feet and legs off some of the victims. A police spokesman said it was a miracle more people were not hurt. After the blast, hundreds of passengers had to walk through a smoke-filled tunnel to safety.

Well-rehearsed emergency procedures had doctors and firefighters at the scene within minutes. A field hospital was set up at Quai d'Orsay station, where at least one person had a limb amputated.

"We're all a little bit traumatised right now. It's happened so many times," said one commuter. "There's a psychosis among the population."

Fear grips Paris, page 11

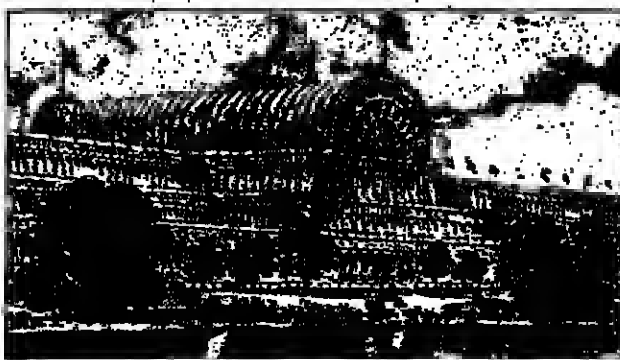
## Crystal Palace may rise from the ashes

MARIANNE MACDONALD  
Arts Reporter

The Crystal Palace - the centrepiece of the Great Exhibition of 1851 - will be rebuilt in 2000 if confidential plans submitted to the Millennium Commission are successful.

It is understood at least four of the 15 operators bidding for the contract to run the year-long Millennium Exhibition have submitted the proposal as one of their key ideas. The Millennium Commissioners are drawing up a shortlist of three, due to be announced by Friday.

The Crystal Palace was designed by Sir Joseph Paxton, the Duke of Devonshire's head



Former glory: The Crystal Palace may be rebuilt in 2000

gardener at his Derbyshire home, Chatsworth, and based in on its lily house. It was the first prefabricated building.

It stood in Hyde Park during the Great Exhibition, and was rebuilt in Sydenham, south London, in 1854. There it was used as the equivalent of a Victorian Disneyland, housing reconstructions of the wonders of the world for schoolchildren.

It burned down in 1936, and Paxton's original plans for the glass palace - drawn on linen - are said to have been destroyed after being used as bandages during the First World War.

But contemporary copies existed and were published in book form by the Victoria and

Albert Museum in 1971. These would be used to recreate an exact replica of the original.

The cost has been estimated at £50m, compared with £170,000 in 1851. It would house futuristic displays, thus celebrating both the old millennium and the new.

Virginia Bottomley, the Secretary of State for Heritage and the chairman of the Commission, will announce the winner in January, along with which one of the four shortlisted exhibition sites - Derby's Pride Park, Stratford in east London, the National Exhibition Centre in Birmingham and Greenwich in south-east London - has been chosen.

## Barings 'conspiracy' obstructed rescue

JOHN EISENHAMMER  
London and STEVE VINES  
Singapore

A cover-up by former top Barings executives prevented last-minute action that could have saved the bank from collapse, the Singapore authorities claimed yesterday.

Two former executives of lying and of concealing vital information, the Singapore report on the bankruptcy of Barings raised the spectre of conspiracy.

In abrasive language, so different from the British authorities' report, published in July, the Singapore officials stated the Bank of England for failing its supervisory responsibilities when Barings massively exceeded the accepted safety limits for exposure to risk on several Asian exchanges. The Singapore authorities accused the Bank of England of

obstructing their inquiries in Britain, even going so far as to seize interview transcripts.

Next to Nick Leeson, whose speculation broke the bank under nearly £1bn of losses, the Singapore investigators pointed their fingers at Peter Norris, former chief executive of Barings, and James Bax, head of operations in Singapore.

They were accused of covering up a £50m accountancy discrepancy, found by auditors in January 1995, that turned out to be a crucial indication of the fraudulent trades allegedly woven by Mr Leeson. "Mr Norris and Mr Bax have denied being involved in any plan either to underplay the significance of the discrepancy or to discourage independent investigations into the matter. However, we are unable to accept their denials."

"It seems probable that until February 1995, the Baring Group could have averted

collapse by timely action. By the end of January 1995, although substantial losses had been incurred, these were only one quarter the eventual losses."

The Singapore investigators also suggested some Barings executives must have known about Mr Leeson's secret \$8888 account, used to conceal the losses. "For three years account 8888 purportedly received the notice of the entire Baring Group management. Yet within hours after the Baring Group senior management concluded that Mr Leeson had fled, Baring personnel, working in London and Singapore with incomplete documentation, uncovered account 8888 and identified it as the immediate cause of the collapse."

The Bank of England yesterday refused to comment on the criticism in the Singapore report. Leading article, page 18  
Fate of Barings, page 21

### IN BRIEF

#### PC on murder charge

A police officer has, for the first time ever, been accused of committing murder while on duty. PC Patrick Hodgson, 48, a member of Scotland Yard's firearms unit, was charged with murdering a suspected car thief in London. Page 2

#### Setback for Clarke

Kenneth Clarke's hopes of delivering a credible tax-cutting budget were dealt a severe blow yesterday by figures showing government borrowing is unlikely to hit its targets this year. Page 20

#### £4.75m welcome

Local schools were closed to enable schoolchildren to join the thousands of Middlesex supporters who turned out to welcome the Brazilian, Juninho (left), who has joined the Premiership club for £4.75m. Page 27

#### Jail for Sting thief

Accountant Keith Moore was jailed for six years yesterday for stealing £6m from rock superstar Sting. Moore, Sting's financial adviser for 15 years, lost £4.8m in a series of investments the star knew nothing about. Page 4

#### Triads target schools

A police inquiry is being set up after reports that Chinese "triad" gangsters are infiltrating schools to recruit new members for their organisations. Page 5

#### News analysis: When exactly should a government minister resign?

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#### Bryan Appleby considers Farrakhan, Fukuyama and America's social fragmentation.

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#### Polly Toynbee: Is art just for the toffs?

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#### Another View: Kit Chalcraft asks what happened to employment rights for the clergy.

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#### Leading article: "No one can pretend that the politics of Nimbysism are easy, but Mr Gummer seems to have run from the fight."

Page 18

#### Weather: England and Wales will be dry and mild after early mist. Rain will follow a bright start in south-east Scotland. North-west Scotland will be wet and windy.

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Country life: Government sets out strategy for ensuring economic success and keeping agricultural areas 'living, working places'

# Gummer plants seeds for a rural revival

NICHOLAS SCHOON  
Environment Correspondent

The area of England covered by forest should double in the next 50 years, from 7.5 per cent to 15 per cent, according to the most dramatic and imaginative proposal in the Government's White Paper on Rural England, published yesterday after a year's preparation.

John Gummer, Secretary of State for the Environment, told the House of Commons that the document "sets out how the countryside can continue its economic success and remain a living, working place".

But the White Paper announced no firm new spending commitments, and said voluntary work by country dwellers had to be encouraged. By 2045, the Government wants the proportion of English countryside under trees to be equal to that in Scotland now. This would still be less than in Italy, France and Germany.

It believes this will happen with current incentives "and the necessary future changes in the European Union's Common Agriculture Policy". The Government recognises that further reform of the CAP is the single most important way in which the habitats and landscapes can be conserved and improved. That can only be done collectively, with the European Commission and the other EU member states, and it will probably take the rest of the 1990s.

Mr Gummer and the Secretary of State for Agriculture, Douglas Hogg, said they wanted the CAP's subsidies for crop and livestock production to be sharply reduced. These are said to have encouraged environmentally-destructive farming at a high cost to taxpayers and at high prices to consumers.

The White Paper makes it clear that some of this support should be switched to direct payments to farmers in return for them managing their land in a way which enhances wildlife and landscapes. "A substantial level of public funding... would be justified," it says. These direct payments already exist on a small scale, but they are mostly concentrated on those countryside areas which are richest in habitats and traditional rural landscapes. The Government now wants any extra "green payments" to farmers to apply throughout the countryside, including those rural areas most degraded by intensive modern agriculture, such as East Anglia - if the money can be found.

The White Paper does little to heal rural conflicts over housing. It upheld existing commitments to encourage the building of state-subsidised homes for people on low incomes. But these measures and existing funding allow only a few hundred low-rent or shared-ownership housing association homes to be built each year. The Government's own Rural Development Commission estimated a need for 80,000 between 1990 and 1995.

The White Paper does not advocate moves to make it harder for affluent city-dwellers to buy second country homes or to commute from the countryside. While it backs balanced rural communities "it is not for the Government to determine who should live where."

## Earl Soham struggles to survive

Raymond Pearl has cycled to the corner shop for his bread each week since he moved to the small Suffolk village of Earl Soham 47 years ago. The 500-strong village was a very different place then: few cars rumbled through, most of the villagers had lived there all their lives and it was easy to reach nearby towns by bus.

"There are a lot of strangers in the village now and we don't know half of them," Mr Pearl, 72, said.

Earl Soham illustrates the rural changes that yesterday's White Paper attempts to grapple with. It has been affected by the twin elements accused of blighting a centuries-old way of life: affluent incomers buying up property and making it harder for existing residents to afford a home, and the growth of out-of-town supermarkets putting village shops in jeopardy.

The village has lost several stores, although it still has a general store, a post office, a doctors' surgery, a primary school, a village hall, a church and two pubs.

For the past two years James Cook, 18, has worked in John Hutton's butchers shop and general store. He is unusual among his contemporaries in that he has stayed in the village of his birth.

"It's getting harder because the supermarkets are out to destroy the small man," he said. "Most villagers support us because they like the personal touch. Some newcomers use us, some don't. I think they are all for it but we don't fit in with their life-styles. Supermarkets are open all hours."

One incomer, Jeremy Westcott, 39, a solicitor who moved from south-west London to Dennington a few miles from Earl Soham, says he does his bit for the rural economy.

"I shop at the local store, have a chat with the local butcher and drink in the local pub at lunch times," he said.

## Clare Garner asks residents of a small Suffolk village how life has changed

Public transport is one of Earl Soham's biggest problems. It has just one bus a week to Ipswich, the nearest big town, and only one stopping local service.

Of the government's recommendation that parish councils should be given more power over community transport, Norman Woodcock, chairman of the PC, said: "In the past we have found that the actual take-up for car-sharing schemes hasn't matched what was on offer. However, there is a definite need for a post-office van facility to Framlingham, our nearest town."

Bruce Hinton, 53, has farmed in Earl Soham for more than 25 years and while he continues to care for 900 acres of arable land he has converted redundant agricultural buildings into business premises for tenants as diverse as a solicitor, a journalist, a timber importer and a home-delivery pizza service.

Mr Hinton attributes Earl Soham's survival as a rural community to the fact that it has both employment and affordable housing. Suffolk Heritage Housing Association has taken over 32 council homes, and has also built houses and a block of flats.

If there is one thing that blights village life more than any other it is traffic. Huge lorries hurtle through and residents fear Earl Soham's main street, the A1120, will be turned into a major cross-country route.

Ellen Barker, 62, paused from her gardening and leaned on her shears. "I've lived here for 37 years. It's a different life now, but it's still a good community," she said. "The only thing is the traffic... These huge lorries were never here before."



Local flavour: Earl Soham, still supplied by John Hutton's shop. Other survivors are the post office, doctors' surgery, primary school, village hall, church and two pubs Photograph: Dillon Bryden

## Parish pump: life for the country dweller

- 59 per cent of parishes have a permanent shop and 57 per cent a post office
- 48 per cent have a state school of some sort
- 17 per cent have a permanently based GP
- 41 per cent have a church or chapel with a resident minister
- 71 per cent have a village hall or community centre
- 87 per cent have a bus service; 29 per cent have a daily service and 36 per cent report a six-days-a-week service
- 2 per cent have a permanently staffed police station
- 70 per cent have a pub

## New businesses for old farms

NICHOLAS SCHOON

Measures to help small businesses get planning permission for development in the countryside are proposed in the White Paper.

One proposal is to favour the conversion of old farm buildings into business premises rather than homes, most of which are bought by incoming town

dwellers. The Government proposes that local councils, which grant planning permission for the conversions, should have more freedom to prefer businesses over residential uses for disused barns and outbuildings. A consultation document will soon be issued.

According to a survey by the Council for the Protection of Rural England, the great majority of conversions are to housing - and that contributes to a suburban, "dormitory" countryside full of commuters or retired people.

Another proposal is to give local planners a new weapon in their armoury of controls on development in the countryside - rural business use. When planning permission is granted, it covers a specified use of the site

for retail, housing, offices or industry - which can continue indefinitely. But councils are sometimes reluctant to grant planning permission for uses which they fear might intensify beyond what is appropriate for a rural location", says the White Paper. A new rural business category could allow them to set down conditions permanently preserving the area's character.

## 'Telegraph' delay on succession



Outsider: Andrew Neil may land editor-in-chief role

MARIANNE MACDONALD  
Britain's highest selling broadsheet, the *Daily Telegraph*, remained rudderless last night as a fourth deadline for the appointment of a new editor passed without a decision.

Fleet Street had been teeming itself for puff of white smoke to seep from the 12th floor of the Canary Wharf tower yesterday afternoon. But as the paper went to press, Conrad Black, chairman of the *Telegraph* group, had failed to announce a replacement for Max Hastings, who resigned nearly three weeks ago.

Industry observers are interpreting the time it has taken to fill the editor's chair as confirmation of the turmoil into which Mr Hastings's shock resignation has thrown Mr Black and his newspapers.

Sources close to the *Telegraph* confirmed last night that Andrew Neil, former editor of the *Sunday Times*, was offered the job by Mr Black after Mr Hastings quit. However, Mr Neil is understood to have insisted on continuing his lucrative radio and television activities.

Mr Black is believed to have then offered Mr Neil the role of editor-in-chief of both the *Daily* and *Sunday Telegraph*, allowing Mr Neil to carry on his outside work. Dominic Lawson, the editor of the *Spectator*, would then have taken over the day-to-day running of the *Daily Telegraph*.

According to a well-placed source, Mr Black "someone with an obsession in more than just the Catholic church and the Tory party". Observers will see the latter comment as a reference to the candidacy of Charles Moore, the right-wing editor of the *Sunday Telegraph*.

Mr Moore, who is seen as the most obvious internal successor to Mr Hastings, told his staff yesterday morning that he understood Mr Neil would not be made editor of the daily paper.

*Telegraph* staff now expect a final decision by the end of the week.



Insider: Charles Moore, favoured internal candidate

## Upgraded results for 20,000 after 'too harsh' marking

BY FRAN ABRAMS  
Education Correspondent

Almost 20,000 pupils have had their marks from this year's national curriculum tests in English upgraded after complaints that they were treated too harshly.

Schools all over the country have been told their 14-year-old pupils did better than the original marks indicated. A total of 900 schools had complained about the tests, 440 of which had demanded that all pupils' papers should be re-marked.

Last night the controversial tests, which were boycotted by

teachers for three years before the government appointed the exam boards to mark them, were the subject of a dispute over what went wrong.

Officials at the School Curriculum and Assessment Authority, which oversaw the tests, stressed that with 2,500 examiners marking them for the first time this year there were bound to be hitches. The exam boards, meanwhile, blamed mark schemes set by SCAA.

One in seven secondary schools had complained that their pupils' marks were wrong after receiving papers back for checking. One-fifth of the pa-

pers which were remarked were found to be wrong, leading to 3 per cent of the 640,000 pupils who took the tests in May receiving better grades. By comparison, just 0.1 per cent of science and mathematics papers had to be upgraded.

Exam officials have written to schools and promised to make changes to prevent a repetition of the problem next year.

David Hawker, assistant chief executive of the SCAA, said: "We are not complacent about the situation, but I still do not regard it as a fiasco. I regard it as a problem and we are doing what we can to sort it out."

# DFW x 2

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## news

**Showbusiness fraud:** Six years for personal accountant who hived off musician's millions to fund disastrous investments



Bad company: The jailed accountant Keith Moore

## Sting's adviser jailed for £6m theft from star

MARY BRAID

The showbusiness accountant Keith Moore was jailed for six years yesterday for stealing £6m from the rock superstar Sting. Moore, 51, Sting's financial adviser for 15 years, lost £4.8m in a series of investments the star knew nothing about, including a chain of Indian restaurants in Australia, a scheme to convert Russian military aircraft into passenger jumbos and the development of an ecologically friendly gearbox. The rest he used to twice stave off personal bankruptcy.

Moore, whose clients also included Queen and Big Country, stood ramrod straight in the dock at Southwark Crown Court after a four-week trial and an overnight wait for the verdict. Judge Gerald Butler QC said he had deceived those who trusted him by siphoning off money from Sting's accounts with

Coutts Bank into a Bank of Scotland account Sting did not know existed.

Courtts, which Sting claimed over had a mandate to allow Moore to withdraw the stolen millions, has since reimbursed £4.8m with interest.

Yesterday the Institute of Chartered Accountants said Moore had been "automatically" struck off in April last year after he became bankrupt and revealed that he had been disciplined three times between 1979 and 1986 for professional misconduct after clients lodged complaints against him.

Yesterday, a spokesman for Sting said the star was "pleased it was all over" but refused to comment on whether he had been aware of the previous disciplinary action. Ian Grant, Big Country's manager, said that dealing with Moore "became a complete nightmare". He had refused to

hand over the band's records and accounts after it challenged his fees. "He tried to take a lot of the financial control out of my jurisdiction and set up a complicated tax structure with a web of companies, all of which generated huge fees for himself," said Mr Grant.

As Moore was taken down Santosh Banger, his girlfriend, collapsed sobbing.

On Monday, before the jury retired, the judge joked that even he had heard of Sting, who first rocketed to fame in the late 1970s with the band the Police. But he asked jurors to treat the star like anyone else.

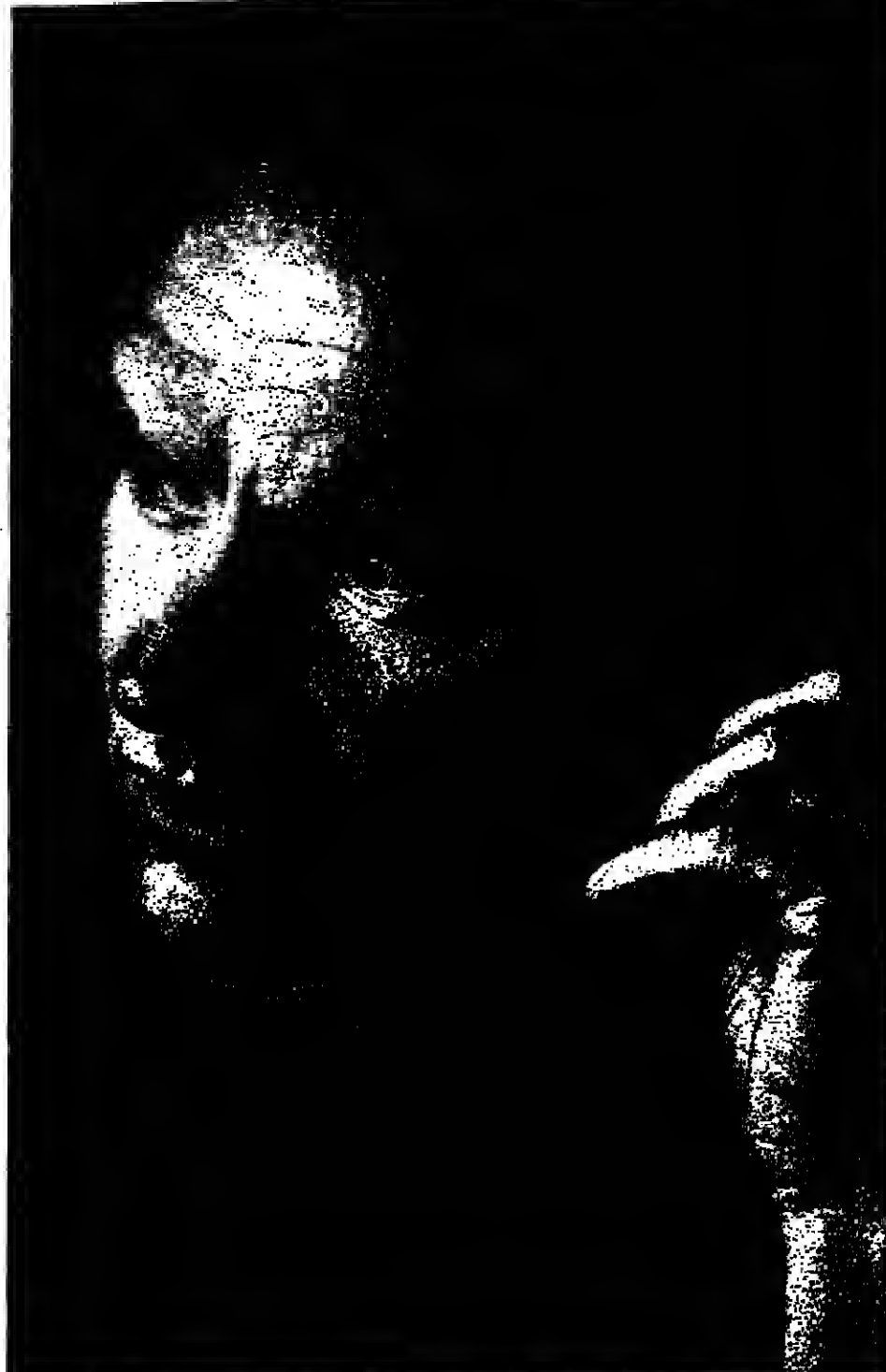
But the alleged theft of £6m from Gordon Matthew Sumner, the working-class boy and former primary teacher who made it big time, was never going to be ordinary. Before the jury was selected 30 prospective members were asked if they had ever been members of Sting or Police fan clubs. Sting might have been a little disappointed - no one spoke up.

The fact that £6m went missing without the star noticing, until an anonymous tip-off, rather singled out the story. The court was told Sting was too busy touring and making records to realise the money was missing.

And from the seaweed milk shake that Moore claimed Sting offered him during a meeting at his Malibu home to the ease with which the star signed his name to a £690,000 cheque, there were constant reminders of lavish wealth and superstar status to ease the tedium of detailed accounts and complicated bank transfers.

The appearance of Sting drew the biggest audience. But there was little rock'n'roll about the star, in his businessman's grey suit, when he took the stand, looking ill at ease for a man who regularly performs before crowds of 100,000.

But the trappings were still there. In the public gallery he was watched by his entourage - complete with bodyguards - sitting near a wild-haired man who turned up most days, occasionally sporting a "Keith Moore is innocent" badge.



Star billing: The rock singer Sting, who failed to miss £6m Photograph: Herbie Knot

Sting claimed that his financial system - designed by Moore - involved 108 accounts and was "hard to get a handle on". When he said he did not have the time to pore over the details of his finances, Moore's defence tried to make something of the star's A-level in economics and his previous employment with the Inland Revenue. "You can't have somebody at the Inland Revenue who is horrified by financial documents," said Nicholas Furnell QC, the defence counsel. There was laughter in court when Sting replied that might have had some bearing on his short career as a taxman.

Later he denied he had given Moore the £570,000 cheque to pay off the accountant's tax bill. "I'm a generous man," he said. "But not that generous." Sting insisted Moore had told him the cheque was for the star's own tax - since he had paid over £20m to the taxman he did not query the sum. He added that had Moore told him he needed the money to pay his own tax alarm bells would have rung. "If he couldn't do his own, how could he do mine," he said.

In court there was some evidence that Moore, middle-aged and straight, had seen his position as a guarantee of a slice

of the rock'n'roll action. Reputedly earning £800,000 a year, he was given to his own lavish gestures. At Sting's 40th birthday party he presented his client with a small token of his appreciation - a Jaguar XJS.

There were a couple of wonderful cameo roles. Trudie Styler, Sting's wife, pregnant with their fourth child, explained why she never as much as peeked at her husband's numerous bank statements.

When Sting had left his first wife, Ms Styler, a producer and documentary maker, said she was wounded by suggestions that she married him for his money.

## Accountant's cut is the deepest

Following the trial of his accountant, Keith Moore, Sting will probably be forever known as the superstar who was fleeced of £6m and was too rich to notice.

Such an oversight - even over a period of four years - astounds the man in the street. But not all those involved in the business side of rock and roll are as shocked by the story. While one leading music industry accountant said he was "quite frankly flabbergasted" that Sting and his other close advisers - his manager, Miles Copeland, and lawyer, Christopher Burley - failed to spot the huge fraud, others in the industry barely raised an eyebrow.

"This could happen remarkably easily," said Ed Bicknell, manager of the similarly rich and successful rock group Dire Straits. "It doesn't surprise me at all. What does surprise me is that it doesn't happen more often."

Just how often it does happen is difficult to gauge. Scandals do occasionally blow up. Last December, operations were suspended for two weeks at Casson Beckman, an ac-

countancy firm, after John Goldring, a partner, resigned following "apparent financial irregularities" believed to involve £2m. The rock star Robert Palmer was among the clients who were reported to have lost money.

Six months earlier, an investigation - still ongoing - was launched into the showbusiness accountants Stainton Shafto, reportedly involving £6m belonging to Rick Wright of Pink Floyd.

But often clients and accountancy companies are both keen to hush things up, particularly if the money is fully recovered and criminality looks hard to prove - and it often is. The Metropolitan Police were delighted yesterday by the success of an "extremely complex and protracted" inquiry that involved a team of forensic accountants and litigation solicitors sifting through 17 years of financial records.

Mr Bicknell said the four-week trial gave a rare insight into the complexity of music industry finance and the burdens it places on artists who have previously had little interest or experience of business, and are too busy making money and touring to develop expertise.

In court Sting described how, almost overnight, he went from £16-a-week benefit to head a

multi-million-pound multinational corporation. He said that he had 47 different accounts relating to his solo career and 108 in total. His annual earnings have been estimated at £7m.

Mr Bicknell described how, as stars perform live across the globe for months on end, money pours in from record and publishing royalties and ticket sales and merchandising, often long after it was earned. It floods out again in taxes and huge touring costs.

"The situation is very fluid," he insisted. "When artists say they don't know what they are worth they are telling the truth."

But a music industry accountant is not more sophisticated after all these years, he said. "You might not notice the odd £100,000 going missing but this is a huge sum even over four years. Where were the lawyer and manager? They usually work very closely with the accountant and the artist."

"I can't understand why he had so many accounts or why he appears to have had such a poor handle on his affairs."



Robert Palmer: Another star said to have lost cash

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# Maxwell's son 'in plot over firing of ex-minister'

JOHN WILLCOCK  
Financial Correspondent

Kevin Maxwell revealed in court yesterday that the former Tory Cabinet minister, Peter Walker, was about to succeed his father as chairman of Maxwell Communications Corporation (MCC) when the late tycoon sacked him on a whim, forcing Kevin to concoct a cover story.

Kevin asked Mr Walker, now Lord Walker, to help him hatch a plot to fool the outside world into believing that he had resigned, rather than been sacked by Robert Maxwell, because of concerns over the way it would be viewed in the City, the jury at the Old Bailey was told.

Lord Walker left MCC in September 1991 after six months' work as non-executive director with a £150,000 pay-off and a Mercedes car.

Kevin, Robert Maxwell's youngest son, revealed in his second day of giving evidence in the 19-week-old trial that his father was "an investment manager of one".

The media magnate bought and sold shares and moved assets between his public and private companies and pension funds without reference to anyone else, the court heard.

But fellow directors, trustees and auditors did not object to this because he was so successful in pulling off deals which were of financial benefit to the funds and other companies.

Kevin said the appointment of Lord Walker came about when plans to float Mirror Group Newspapers were raised.

A stockbroker, Sir Michael Richardson, then chairman of stockbrokers Smith New Court, advised Robert Maxwell it would be better if the City and the public saw him concentrating on his newspaper interests.

A new chairman would be needed for MCC and Lord Walker was appointed a non-executive director in April 1991 with a view to taking the chairman's seat shortly.

Kevin said: "My father called

## The Maxwell Trial



Day 79

me to his office and said he quite simply had changed his mind and was not going to continue with the appointment of Peter Walker.

"He said he had reflected on his decision, that he had been rash and that he had not properly considered. He said he was damned if he handed over the stewardship of the company to an outsider who had not contributed to its growth and had no publishing background."

"I realised that this would have a substantial impact on the public impression of MCC."

He described how he sought Sir Michael's advice on how to deal with his father's change of mind.

The stockbroker told Kevin there would have to be a peg for public consumption of the move so it was not seen as a "mercenary decision by my father".

The Maxwells met Lord Walker and agreed that he



Lord Walker: Sacked on a whim by Robert Maxwell

would resign his non-executive directorship and announce that he was no longer to become chairman because he regarded MCC as a largely American company.

Lord Walker wrote a letter to Kevin in which he stated that he believed that as 50 per cent of MCC's profits were generated in America by companies such as publishers Macmillan and language book specialist Berlitz, the American side of the operation should be demerged and run from the United States.

Lord Walker wrote that the residue of MCC would be too small to interest him and that he had no intention of living in the US. This was the reason he did not wish to become chairman of MCC, the court heard.

Kevin told the court: "The letter provided the peg, but the letter does not reflect the reality that he was basically fired."

Alan Jones QC, Kevin's counsel, asked him what view the Maxwell pension fund trustees took of the tycoon's handling of pension assets.

One pension fund trustee indicated to an auditor they were aware the publisher was using fund assets for his own businesses, but added: "If a horse is winning, you don't break its leg."

Kevin said his father's practice of taking decisions on his own was "seen as normal".

Mr Jones asked him: "Did anybody, whether solicitors, auditors, compliance officers or non-executive directors, ever suggest to you that you had a conflict of interest between your duties as a director of public companies, pension funds and private side companies?"

Kevin replied: "No."

Kevin denies conspiring with his father to defraud using 5.4 million shares in the Sotex Corporation, an Israeli company. Kevin, his brother Ian and a former Maxwell executive, Larry Trachtenberg, all deny conspiracy to defraud using 25 million shares in another Israeli company, Teva Pharmaceuticals. The trial continues today.



Heart of oak: National Trust warden Paul Camp enjoying the sights and sounds of Horner Wood, west Somerset, which was yesterday declared a National Nature Reserve. The wood contains some of Britain's finest ancient oaks and is home to a large herd of red deer. Photograph: Marc Hill

# Triad gangs recruiting in schools

JOHN MCKIE and  
JASON BENNETT

A police inquiry is being set up after a growing number of reports that Chinese "Triad" gangsters are infiltrating schools to recruit new members.

The problem has been identified in a number of schools in south London. Police have evidence that the Triads have been successful in drawing in at least two dozen teenagers into crime. They are also investigating reports from children that dozens more have joined up with the Triads and some have extorted money from fellow pupils.

The Metropolitan force's Chinese intelligence unit, which was alerted to the problem several months ago, will today hold a meeting with police youth and community officers to discuss how to tackle the issue. They are concerned that the four Triad societies based in Britain may be copying tactics used by

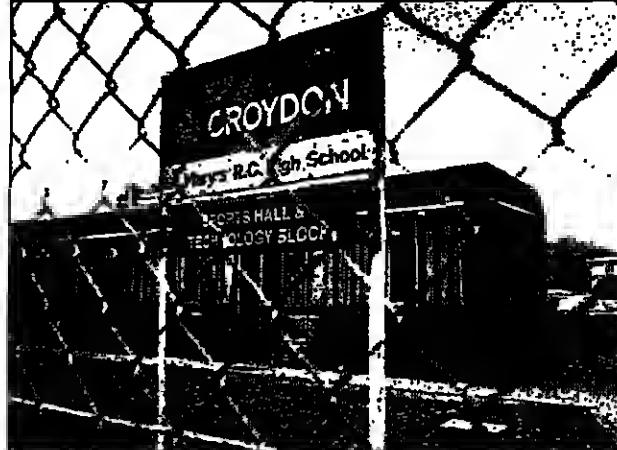
groups in Hong Kong, where schools are considered one of the key areas for recruitment.

The Scotland Yard unit has found that 20 members of a gang in Croydon, south London, aged from 13 to 15, were recruited by Triads through Chinese youngsters. The teenagers, both black and white, have been filmed in central London's Chinatown.

Some children have reported that the recruitment has stretched much further and pupils at south London schools in Lambeth, Lewisham and Croydon are involved.

Head teachers in Croydon are to discuss the issue at their monthly meeting. Bill Whit-

marsh, head of St Mary's Roman Catholic school in west Croydon, said: "Evidence of gang existence at a low level was noticed in this school four months ago when action was taken over a dozen boys, their parents were informed and pupils were warned to let their



St Mary's school, Croydon: 'Action over a dozen boys'

parents and teachers know if they had any information. Since then there has been no evidence of activity in this school.

"The police say that the numbers are between 50 and 150 for the whole of the borough."

Pupils outside the school yesterday were reluctant to

comment but one 12-year-old said: "There have been quite a lot of fights, as many as three a week. I have a friend that gets beaten up and he's frightened." Another boy said: "A boy in my class got beaten up but he doesn't like speaking about it because he's scared of them."

There are an estimated 200 hardcore Triad members in Britain who are involved in crimes such as extortion, gambling, vice, counterfeiting and illegal immigration. They operate in Chinese communities, particularly in Manchester, Glasgow and London.

Detective Inspector Andrew Remison, head of Scotland Yard's Chinese intelligence unit, said: "The pattern in Hong Kong is that youngsters get sucked into Triad societies. They get them involved in an apparently harmless youth organisation but they gradually take part in crime which can later be used to blackmail them."

He said the group believed to be responsible for the activity in Croydon are the Wo Shing Wo society, based in London's Chinatown. Mr Remison said their influence has dropped recently. "They have had problems recruiting and using teenagers could be a tactic they are now using," he said.

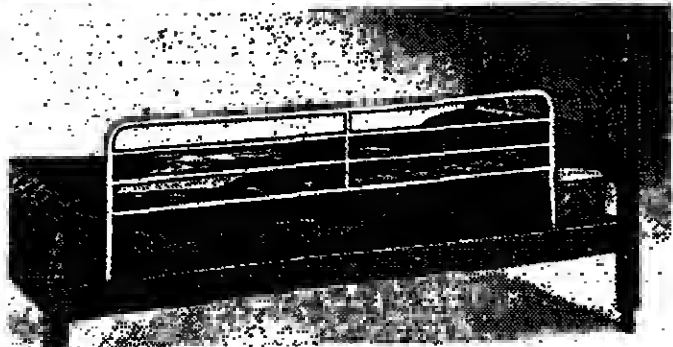
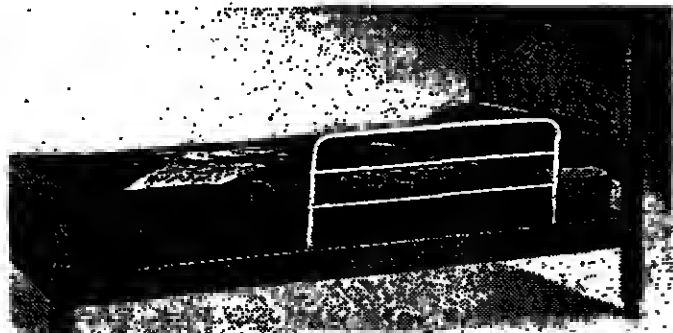
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## news

# Youngsters on the streets: Charity urges change of approach as police report rise in number prosecuted and cautioned for soliciting

## Child prostitutes 'in need of protection'

GLENDA COOPER

Child prostitutes should be protected rather than prosecuted, a Church of England charity said yesterday.

The Children's Society said the number of girls involved was steadily increasing and it urged police and social services to do more to help them. Launching its report, *The Game's Up: Redefining Child Prostitution*, the

society said that between 1989 and 1993 nearly 1,500 convictions were secured against those under 18 for offences relating to prostitution. In the same period, 1,800 cautions were issued.

The number of cautions issued to girls between the ages of 10 and 16 went up by 30 per cent, and convictions for this age group increased by 10 per cent. The problem is concentrated in four areas - London, Greater

Manchester, West Midlands and West Yorkshire - which account for 70 per cent of cautions and 75 per cent of convictions.

The problem is not restricted to older teenagers. One 10-year-old girl received a caution, four convictions were secured against 12-year-old girls and two against 14-year-old boys.

The Channel 4 programme *Dispatches*, to be shown tonight, has conducted a police survey

which reveals that "alarming" and "wildly disproportionate" numbers of child prostitutes are from care homes. Between half and three-quarters of prostitutes under 18 come from homes, despite the fact that only 1 per cent of all children are in care.

In Bradford, where 74 juveniles have been arrested in the past 18 months and a further 50 have been cautioned, police estimate that 75 per cent of the

cases have involved children in care.

David Harris, a community worker in Manchester, told the programme: "The majority of young people we meet working the streets come from a care background. They have been exploited, they have been abused. They are not used to operating in an environment where their voice is heard, where they are cared for and nurtured."

Ian Sparks, chief executive of the Children's Society, said prostitution was often a "survival strategy" for such children, and that police and social services must do more. "These children need the system to protect them not prosecute them."

Under the 1989 Children Act, police and social services have a duty to protect those under 18 from "significant harm" and investigate those who sex-

ually abuse and exploit them. However, research shows that most social services departments' child protection procedures do not specifically include those involved in prostitution. Young people picked up by the police are often cautioned or convicted instead of being dealt with by child protection officers.

The society wants the Street Offences Act of 1959 to be amended so that no one under

of the age of 18 can be cautioned or convicted for involvement in prostitution.

Bill Hendley, children and families spokesman for the Association of Directors of Social Services, said, however, that he believed the law as it stood offered sufficient protection. "Any relaxation might drive child prostitution further from the notice, care and protection of the public authorities," he warned.

## From crack addiction to waiting for dirty old men

GLENDA COOPER

"Lisa was such a vulnerable child. She was so easily led. If someone said they'd give her £20 for doing something she'd do it." Lisa's mother had had her suspicions for some time that her 14-year-old daughter was involved in drugs and prostitution but was powerless: "You can't lock a 14-year-old in the house."

Her daughter explains how she got caught up: "When I used to do drugs [marijuana] with my boyfriend, he'd leave it with crack and I got so addicted I'd do anything to get it. He gave me a couple of shots free but then he said I had to earn it."

"I went out robbing first but that got difficult. I didn't want to go on the game but I was scared of him. He'd beat me up and put me in hospital. And I was only bothered about the crack."

Lisa used to stand on the corner waiting for "dirty old men". Her self-esteem plummeted: "I lost weight and didn't really care about my appearance. Be-

fore that every hair on my head had to be perfect."

Her mother meanwhile was "tearing [her] hair out". "When my friend told me she saw Lisa getting in cars I didn't want to believe it. I wanted to close my ears." She asked social services "to lock her daughter up for her own safety" but to begin with they refused to listen.

"Social services said 'have you got proof?' I said, 'do you want me to get in the car with her?'" Lisa's mother estimates it took two months before she persuaded social services of the "moral danger" her daughter was in.

But that was not the end. Lisa ran into trouble at the home she was placed in, including a severe beating at the hands of three girls who found out about her past: "They dragged me out of bed by my hair and started shouting 'slag'."

Social services wanted her to go to another member of her family. "But I didn't want all the family knowing about Lisa and

her past," said her mother. "You're close to some people but not to others."

She ended up at home, terrified her ex-boyfriend would find her and beat her up again.

Her mother has nothing but contempt for the way the police handled the assault on Lisa: "The police wouldn't take the assault on Lisa seriously; they tried to say it was just a hitch argument. They saw her as a prostitute."

But then she is not surprised: "You can see from our window all the girls and the pimps and drug dealers. You can tell some of the girls don't want to be there and the police aren't there to help them. It's heartbreaking, they look as young as 10. And the police just go past them with a loud hailer saying 'clear it up girls'."

Lisa, now treated by a counsellor, agrees: "I see the pimps now and think, 'how can they do that?'. And then I look at the girls and think, 'did I look like that?'. And I know I did but my mum never gave up on me. Not everyone's that lucky."



Reunited: Lisa, a 14-year-old who spent two months in child prostitution, and her mother in Birmingham

Photograph: John Potter

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## Truancy 'six times worse than official figures show'

JUDITH JUDD  
Education Editor

Around 800,000 children play truant each year - six times the Government's official figure, according to a survey released yesterday.

Of these, 30,000 hardly go to school at all, says the trade union Unison, whose members include education welfare officers. These children spend their days on the streets and are likely to turn to petty crime, drugs and alcohol. They are also in danger of sex abuse.

Truancy figures compiled by the Government are due to be released next month. Last year they showed that 130,000 children played truant.

John Findlay, Unison's national officer, said the figures had been compiled from education welfare officers' case-loads: "This is a neglected scandal with shocking implications for schools and the individuals concerned," he said.

The union suggests that government figures which give truancy as a percentage of half-days lost through unauthorised absence are "falsely reassuring". Schools are under pressure to reduce their figures because they want to avoid bad publicity in league tables. They tend to mark children's absence as authorised at first. Those who are absent for more than four weeks may be taken off the register and persistent truants may

be expelled. Some children may be marked up as present at registration, but truant later in the day.

Even on the Government's figures, Mr Findlay said, 20 million half-days a year are being lost through truancy.

Truants are also getting younger. Although most truants are between 13 and 15, growing numbers of primary school children are playing truant including some as young as six.

Rosanna O'Connor, of the drugs charity Turning Point, said: "Our experience is that once a child is outside the ordinary range of activities they are more likely to turn to drugs or petty crime."

There are 2,600 educational

welfare officers, a reduction of 300 in the last four years despite a £14m initiative to tackle truancy announced by John Patten, the former Secretary of State for Education, in 1993. Each officer has a caseload of 300 children. The union wants their number doubled.

A spokesman for the Department for Education and Employment said it was up to local authorities to decide what priority they gave to truancy and how many education welfare officers they employed. The Government had provided support for education welfare officers' posts and schemes to tackle truancy. "We extrapolate our truancy figures in a different way," he said.

## Catholic 'faced discrimination'

DAVID MCKITTRICK  
Ireland Correspondent

A Catholic woman's attempt to make inroads into the Ulster Unionist party has ended in controversy, with a formal charge that the party discriminated against her on religious grounds.

Patricia Campbell, who worked for several months as a Commons research assistant to former Ulster Unionist leader, James Moynihan, has filed a religious discrimination complaint with the Fair Employment Tribunal. Ms Campbell is a Catholic from North Antrim.

She claimed she was unfairly treated in not being short-listed for the post of party public relations officer. Ms Campbell, 30, an Oxford graduate who works in market research, yesterday described herself as a passionate Unionist.

She said: "I have stuck my neck out by becoming the first Catholic of my generation to be-

come involved in the Ulster Unionist Party. Look at how my pioneering courage has been repaid. So much for the claim that there is no bar to

Catholic advancement in the party."

The UUP general secretary Jim Wilson responded: "I am aware that Ms Campbell has made a complaint, but as correspondence is being exchanged between my office and the party solicitors it would be unwise to comment further."

Although there is no ban on Catholics joining the party, Catholic members are extremely rare. The party has close connections with the Orange Order, and occasional remarks by its leading members have offended Catholics.

But although Catholic membership of the party tends towards zero, there is evidence that many Catholics see economic and other advantages in the maintenance of the union.

Ms Campbell filed her discrimination suit some months ago. When David Trimble succeeded Mr Moynihan as party leader a month ago she wrote an open letter to him in the *Belfast Telegraph*, calling on him to sponsor a new organisation to be known as Catholics for the Union. She claims Mr Trimble has totally ignored her.

## Divorce reform given go-ahead

PATRICIA WYNN DAVIES  
Political Correspondent

The most radical shake-up of the divorce laws for a quarter of a century will get under way after next month's Queen's Speech, contrary to rumours circulating at Westminster that it could be delayed or blocked.

The plans by Lord Mackay of Clashfern, the Lord Chancellor, to scrap fault-based divorces and encourage couples to solve differences outside court got the go-ahead at the most recent ministerial committee on Queen's Speeches and future legislation - the last such meeting before the Queen opens the new parliamentary session on 15 November.

Under White Paper proposals set out by Lord Mackay in April, the "quickie" divorce for unreasonable behaviour or adultery would be swept away and replaced with a decree after a 12-month cooling-off period in which couples would have to agree arrangements for finances and the care of children. At the start of the process, the person seeking the divorce would have to attend a compulsory infor-

mation session to have the options of mediation, marriage guidance and legal advice explained by a panel of experts.

The concept of mediation to help couples reach compromises and avoid bitter and costly court battles is a key plank of the Lord Chancellor's proposals. He also believes the overall philosophy of the package, forcing couples to confront their differences, would be less damaging to children and could even save a few marriages.

But hostile commentaries in Tory-sympathising newspapers have suggested divorce would be made too easy.

The Law Society, the solicitors' professional body, is also against making the information session compulsory and said last month that the proposals would "invade the privacy of those whose marriages break down".

The Bill is expected to be one of the earliest to be published, but the legislation would be implemented only after a lengthy piloting period to test out local information and mediation schemes, in an attempt to avoid a re-run of the problems that beset the Child Support Agency.

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## politics

# Blueprint for Scottish parliament unveiled

PATRICIA WYNN DAVIES  
Political Correspondent

The final shape of the Scottish parliament Labour is pledged to introduce was unveiled yesterday after six years of cross-party deliberation.

The blueprint, recommended by the Scottish Constitutional Convention's executive committee and expected to be endorsed by the full convention on Friday, would give the new legislature wide powers over a range of domestic affairs, including education, training, health, local government, home and legal affairs and industry.

Speaking at a joint press conference with Jim Wallace, leader of the Scottish Liberal Democrats, George Robertson, Labour's spokesman on Scottish affairs, declared that the parliament would make a "huge difference to the lives of ordinary Scots ... [it] will bring democracy back to Scotland".

The convention includes representatives from Labour, the Liberal Democrats, the churches and the trade unions, but has been boycotted throughout by the Scottish National Party and the Conservatives.

The 129-member parliament would be elected by proportional representation with an electoral agreement to ensure equal representation of men and women.

Mr Wallace, whose party is committed to reforming the voting system for the Commons, said: "The parliament is to be fairly elected, so that no single party or region will be able to dominate."

The Tories and the SNP attacked the plan, for different

reasons. Michael Forsyth, Secretary of State for Scotland, said it was dangerous, irresponsible and would encourage separatism. The SNP, which wants an independent Scotland, called it a constitutional mouse which a future Westminster government could abolish with the stroke of a legislative pen.

It is not possible to expressly guarantee the continued existence of the parliament because the UK has no written constitution. Yesterday's blueprint seeks to secure the parliament's existence and powers through a declaration of the UK Parliament before the debate on the Bill setting it up.

The parliament would be Scotland's first since the early 1700s and would have the power to vary income tax by 3p in the pound. The money would be remitted to the Treasury and Scotland would continue to receive a block grant negotiated each year in the public spending round.

The parliament would have a chief minister, who would allocate ministerial portfolios. In elections, Scottish voters would have two votes - a first-past-the-post vote for 73 constituency MPs and a second vote to select 56 additional members by party to help ensure that the final make-up of the parliament reflected parties' share of the vote.

Parliaments would sit for four-year fixed terms and members could not sit as Westminster or Euro-MPs or councillors. The main areas left to Westminster would be defence, foreign affairs, immigration, social security and central economic and tax policy.



New boy: Chris Davies (left) with journalists at Westminster yesterday where he took his seat for the first time as Liberal Democrat MP for Littleborough and Saddleworth, won in an acrimonious summer by-election called after the death of the Tory Geoffrey Dickens. Photograph: Jane Baker

## Cherie takes up domestic violence brief

JOHN RENTOUL  
Political Correspondent

Cherie Booth, the lawyer and wife of Tony Blair, made her first overt move into party politics since her husband's election as Labour leader when she backed a Labour campaign to "eliminate" violence against women yesterday.

Supporting Clare Short, Labour's spokeswoman on women's issues, at the launch of a consultation document, *Peace at Home*, she described domestic and sexual violence against women as "an issue which our society prefers to forget". The campaign was also backed by Sandra Maitland,

who played battered wife Mandy Jordache in the television serial, *Brookside*.

Ms Booth, who was a Labour candidate in 1983, has until now stayed out of public speaking roles. But she has taken up a series of causes in which she has a direct interest as a lawyer, sometimes made of Glenys Kinnock - that she is using her status as the Labour leader's wife to pursue her own agenda.

Ms Booth first came face to face with the victims of domestic violence when she started as a 22-year-old barrister, dealing primarily with family law. "I had no idea of the terrible things that go on behind closed doors."

At first I couldn't understand why my clients put up with violence, but the reality is that for many women with children and no money, they have nowhere to go," she said yesterday.

Ms Booth has since moved on to different areas of law, such as judicial review and local council work, but over the past year she has renewed her interest, becoming a trustee of Refuge, the battered women's hostels charity.

Soon after becoming a QC in April, Ms Booth stepped up her campaign for women's rights, launching advertising for Refuge and urging police-women to fight discrimination by suing chief constables.

"Taking a police force to court takes a lot of guts and needs a lot of support. But we must set the limits of what is acceptable behaviour from male colleagues," she said.

At the Labour Party conference earlier this month, she also spoke at a fringe meeting organised by the NSPCC to demand tougher laws against "child sex tourism". She also stepped into Mr Blair's place to speak to a meeting of his Sedgfield Labour Party at last year's Labour conference, but only because he was late.

Last year she led a workshop on new technology at the centenary conference of the Bar Council. She led the moderni-

sation of her barristers' chambers, hiring a practice manager to supplement the ancient system of barristers' clerks and setting up computers. She began working from home in the late 1980s and was responsible for putting her husband on the Internet.

Ms Short, who hopes to be elected to the Shadow Cabinet today, acknowledged Labour sensitivities about the leader's wife taking a higher profile, saying: "I'm going to be brutally protective of Cherie, and any questions that are out of order. I'm going to rule out of order."

Ms Booth's reply to whether she would return to a career in politics was a firm "No".

## Tories refuse lessons on education policy

The key election issue of education came up in departmental questions yesterday, but as luck would have it, the Government only had relative failure to announce. It was left to Robin Squire, a junior minister, to reveal to nobody's surprise that just three Tory councils, all of them in London, will pilot the nursery voucher scheme.

In spite of considerable behind-the-scenes arm-twisting, only Westminster, Wandsworth and Kensington and Chelsea have agreed to test out the scheme allowing parents of four-year-olds to redeem vouchers worth £1,100 at the nursery of their choice. Although Mr Squire said he hoped to add to the list, the announcement was a far cry from the longer and regionally spread list originally envisaged. Peter Kilfoyle, a Labour education spokesman, emphasised.

James Pawsey, Tory MP for Rugby and Kenilworth, then had Labour MPs beckoning him across the floor as he urged Gillian Shephard, Secretary of

Government reveals councils to pilot nursery voucher scheme ■ Major defends Portillo over anti-Europe speech

State for Education and Employment, to badger the Cabinet to properly fund teachers' pay. "The Government's education reforms have done much to improve the quality and standards of state education. Would

stick their head above the parapet, however, as speaker after speaker agreed with Mrs Shephard that class size was out everything.

David Blunkett, Labour's education spokesman, was waiting to take aim at Michael Heseltine, the Deputy Prime Minister, sitting close by. "Would the Secretary of State agree with me that when the Deputy Prime Minister last week said that it was necessary to allow 60,000 children to escape, as he put it, from the inadequacy of inner-city education, he was giving the highest indictment possible of 16 years of Conservative government. If there's £220m available, it should go in lowering class sizes for one and a half million children in infant school or 7 million children in our state system and not simply allowing 60,000 to escape from Tory incompetence."

Ms Shephard retorted that members opposite had consis-

tently opposed everything the Government had tried to do to raise standards. "That is well known and well documented and so is their principal motivation of class envy ... the party opposite is the enemy of aspiration."

Later, at Prime Minister's Questions, John Major took his first opportunity to take a dig at Labour defector Alan Howarth, who yesterday sat next to Greville Janner, the MP for Leicester West who with foresight once urged Mr Howarth to cross the floor during a debate on economic and social policy.

Both Dunn, the Conservative MP for Darford, had urged Mr Major to compare Conservative policies of "maximising parental choice" with Labour's plans to "destroy CTCs, destroy grammar schools, destroy the assisted places scheme and destroy the grant-maintained

schools in the interests of equality, justice and social engineering."

Mr Major replied: "What we seek is excellence in education and choice in education for all parents ... I regret very much that the Opposition oppose the assisted places scheme - except perhaps for the honourable gentleman for Stratford-upon-Avon."

But there was a strong prime ministerial backing for Michael Portillo, Secretary of State for Defence, after last week's anti-European speech.

Replying to Meuzies Campbell, Liberal Democrat foreign affairs and defence spokesman, Mr Major insisted: "Michael Portillo was expressing the fears of many people, not just in the United Kingdom but right across Europe about the more ambitious, federalist plans for the future of the European Union."

"If you are saying it is the policy of your party that the British armed forces should be commanded by qualified majority vote elsewhere, then say so."

## Ashdown rejects abolition of GM and public schools

PATRICIA WYNN DAVIES

Paddy Ashdown, the Liberal Democrat leader, yesterday set his face against abolishing public and grant-maintained schools in favour of new partnerships between the private and public sectors and a drive to raise the standards of all schools to the highest level.

Grant-maintained schools would retain grant-maintained-style autonomy, but under a "light touch" strategic framework drawn up by local education authorities, Mr Ashdown said. The authorities' primary role would be to secure equality of access to quality education for all.

Like Labour, the Liberal Democrats plan to phase out the assisted places scheme, but unlike Labour, not completely. They are consulting on proposals that could help state-educated children through a new private-public partnership. Mr Ashdown said that could



Ashdown: 'Light touch' plan

include local education authorities buying "units" of education in the private sector, and agreements to share facilities. "In this way, that huge education resource of very high quality would be used to the benefit of a much wider group of the nation's children."

Don Foster, the party's education spokesman, cited Sandhach Grammar School in Cheshire, where all the places

had been bought up by the local education authority.

A major difference in attitude to selection on academic ability is that while under Labour parents would have the right to ballot on their school's admissions policy, under the Liberal Democrats the local education authority would take the decision.

In a speech to the Institute of Education yesterday, Mr Ashdown outlined a six-pronged programme to raise standards. There should be maximum autonomy for all schools and incentives for more community use of school facilities, he said.

There should also be: ■ more parental involvement, with parent-teacher contracts; ■ a General Teaching Council to set and safeguard standards; ■ post-14 reform to end vocational/academic split; ■ improved school inspections and follow-up support; ■ a computer-led technological revolution.

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## JOHN HANDS BRUTAL FANTASIES

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PETER MILLAR, *The Times*



# Modern pursuit where triviality is the name of the game



Brain teaser: Brian Highley showing off a question card from the 1996 edition (answers at end of article) Photograph: John Voss

What did Mrs Susan Day of Hertfordshire call her baby after a vicar told her that Sunny Day would sound silly?

The answer is she is christened him Zipperdoodah. True, trivial and memorable – which qualifies it for inclusion in the 1996 edition of Trivial Pursuit. The edition also includes 1,500 other new questions based on news events of the last 12 months.

And some of the celebrities who inspired the new questions by being memorably trivial were at a launch party for the new edition at the London Palladium yesterday.

There was 80-year-old Norman Wisdom who became big in Albania. There was Rick Mayall, commemorated for the night he must have wished he was in Albania, when he got so fed up with the Stephen Fry controversy that after one performance of the show from which his partner had disappeared, he fired a toy gun in Covent Garden and got arrested.

He said yesterday he did not mind this incident being recorded for posterity in Trivial Pursuit. "It was only a joke that

David Lister reports on the launch party for the new edition of a family favourite

backfired. I was just trying to be funny and it didn't work and I said sorry.

The police were right to arrest me. I could have been a madman with a real gun, though I fact I was just a madman with a toy gun."

He added that he had still not heard from Stephen Fry who walked out of the play *Celestines* in February.

Mayall said he had read that the BBC might be making a film about the whole story, and he would consider playing himself. If not, he wanted Mel Gibson or Mel Brooks or anyone else called Mel to play him.

Other deeply trivial figures at the launch included Neil Rilett, who was banned from swinging a dead chicken at Manchester City games every time his team scored a goal – something that would not be a problem this season with City's lack of goals.

his death so that he could play Yorick in *Hamlet*.

The man who actually spends every day of his life seeking out such sociological insights as the fact that Marmite is now used as a hair restorer in northern England, is 51-year-old Brian Highley, a former school-teacher from Devon.

Mr Highley, who has also been a local newspaper editor, pop promoter and scriptwriter for *Spitting Image*, sought out the inventors of Trivial Pursuit when they were on holiday in Devon and offered his services.

He has been writing the British questions for the last 11 years, and with his 11-year-old son Aaron and nine-year-old daughter Alicia also writes the junior version of the game.

"I read every paper every day," he said. "I have to think 'is this something people can remember in five years' time?'"

And has it got humour in it? I don't try to catch people out because when they are playing the game after dinner or a drink

with friends they don't want to be made to look stupid."

His most recent question comes from the OJ Simpson trial. "From the trivial point of view, it was a gift. I read that the judge's wife was the inspiration for Cagney of *Cagney and Lacey*."

"Forget the rest of the trial. That was the one for me."

Trivial Pursuit has not recaptured the phenomenal appeal it had after its launch in the mid-Eighties when it sold 1 million a year for its first two years.

But, by launching an annual update of questions four years ago, the makers have renewed its appeal and it now sells 150,000 a year with 70 per cent of sales around Christmas.

The Queen apparently still plays it, and the majority of sales are to ABCs, according to research by Parker Games, the distributors.

It remains a staple at dedicated board games clubs, and for families on Christmas Day.

Answers: 1. Fruit squash; 2. Belly dancers; 3. The Eiffel Tower; 4. The Princess of Wales; 5. Passionate kissing; 6. Allen Border

## Black jobless rate double that of whites

BARRIE CLEMENT  
Labour Editor

A "frightening" and growing level of racial discrimination is revealed in the latest official survey of the labour market, the Trades Union Congress says in a new report.

Unemployment rates among ethnic minority workers is double that of whites, with more than half of Afro-Caribbean men between the ages of 16 and 24 out of work, the government data shows. The figures also reveal that over the last decade the gap between black and white has grown, the TUC points out.

The "shocking" picture of British society emerges ahead of new unemployment figures today which the TUC expects to show little significant improvement in the prospects of the jobless of whatever colour. The report also comes in the wake of the black solidarity march in Washington on Monday by hundreds of thousands of African-American men and a rally held in sympathy at the Broadwater Farm Estate in Tottenham, north London.

Published in advance of the union movement's "Unite Against Racism" demonstration in Manchester on Saturday, the report shows that Afro-Caribbeans are far more likely to be long-term unemployed than their white counterparts.

John Monks, general secretary of the TUC, said that the discrimination against black workers (defined as members of all ethnic minorities) amounted to "a scandal" and that British industry urgently needed to examine its recruitment and promotion policies.

The report, *Black and Battered*, says a lack of qualifications among black workers offers only a partial explanation for their plight. Unemployment among highly qualified black people had been found to be more than double that of white colleagues.

The situation has been caused by a combination of employer discrimination and the concentration of black workers in jobs that have proved most vulnerable to redundancy, the TUC says. Unemployment among blacks rose much faster and to much higher peaks than that among white people in the recessions of the Eighties and Nineties.

Based on the latest official Labour Force Survey data for spring 1995, the study found that the 18.3 per cent unemployment rate among black workers was more than double that for white workers at 8.1 per cent. The highest regional unemployment rate for black workers was 24 per cent in greater London, where the rate for white workers was 11 per cent.

While around 15 per cent of the white population between 16 and 24 was out of work, the figure for black people was 33 per cent. The rate for those of Indian ethnic origin stood at 31 per cent, but the highest proportion of 47 per cent was among young Afro-Caribbeans.

Around 60 per cent of unemployed Afro-Caribbeans in all age groups had been without jobs for more than a year, compared with 44 per cent of white workers. Pakistani and Bangladeshi workers suffered the highest jobless rate at 27.3 per cent, closely followed by Afro-Caribbeans at 24.2 per cent.

## THE MISSING Andrew O'Hagan

"The literary antidote to the poison of true-crime mags and serial-killer biographies"

*The Herald*

"Beginning in Glasgow in the 1970s and ending in Gloucester in 1994... after *The Missing Britain* doesn't look quite the same place"

Blake Morrison, *Guardian*

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## news

## Action on 'jellies' drug over crime rise

New curbs on the sleeping drug temazepam were announced yesterday by the Government in an attempt to tackle the social problems caused by its misuse. A measure preventing doctors from prescribing the capsule form of the drug from 1 January was announced by the Secretary of State for Health, Stephen Dorrell, and the Secretary of State for Scotland, Michael Forsyth. They said the gel-filled capsules had been at the root of "an appalling crime wave" north of the border.

The ban will not affect genuine NHS patients as the tablet form will still be available.

Temazepam 'jellies' have been widely misused by addicts, particularly in Scotland, who melt them down and inject them, often in cocktails of other drugs.

This can have lethal results when the jelly re-solidifies in their bloodstream, causing gangrene or death.

In Strathclyde alone, more than 80 drug-related deaths have been recorded this year, many of them involving temazepam 'jellies'.

The Government last month rescheduled the drug and made its possession unlawful.



Dream come true: Brian Wheeler, of Hertfordshire, preparing for his night of glory at the Palace Theatre in the West End of London yesterday. He paid more than £2,000 at an AIDS charity auction for a one-night walk-on part in the musical *Les Misérables*. Photograph: Edward Webb

## Radioactive waste dump 'justified by new jobs'

STEPHEN GOODWIN

Construction workers yesterday demanded their "God-given right to work" as they and nuclear industry shop stewards took on environmentalists at the long-running public inquiry into plans for an underground radioactive waste dump in west Cumbria.

Gerry Cole, chairman of the Cumbrian Construction Workers, had to be reminded of the libel laws by the inquiry chairman Chris McDonald as he heaped insults on Friends of the Earth, Greenpeace and other groups which he said wanted to prevent people from "honest, fulfilling work".

The inquiry, which began at Cleator Moor Civic Hall six weeks ago, is into UK Nirex's plan for a £195m rock laboratory at Gosforth on the edge of the Lake District National Park. Nirex wants to prove the scientific case for a £2.5bn deep repository to take waste from British Nuclear Fuel's Sellafield reprocessing plant, two miles from the site.

The Government is anxious to settle the issue of waste management - which is jeopardising its plans to sell off the nuclear power industry and raise up to £3bn for pre-election tax cuts. But uncertainty could force down the price.

Faced with a formidable line-up of experts appearing for Greenpeace, FoE and Cumbria County Council, which turned down the Rock Characterisation Facility (RCF) application, Nirex has added to its own cast of scientific witnesses. Originally expected to end around Christmas, the inquiry is now set to run until the end of January.

Mr McDonald, the Department of the Environment inspector conducting the inquiry, disappointed Nirex by asking

the independent Pollution Inspectorate to give evidence next week. He added to the company's woes by indicating his report would be delayed. The issue must then be decided by John Gummer, Secretary of State for the Environment. A further uncertainty has been added with the disclosure that the European Commission has opened an official complaint file on the quality of the Nirex "environmental statement".

Cumbrian Friends of the Earth groups said the area had already been damaged by its dependence on Sellafield and the nuclear industry. Speaking on behalf of four local FoE groups, Jill Perry said Sellafield had been chosen, against other sites, which Nirex will not name, on the basis of cost, convenience and an amicable local population. She argued that the Borrowdale volcanic rock in which the radioactive waste will be sealed was "inherently fractured" and close to recently active geological faults.

However, Mrs Perry and representatives of other anti-nuclear groups were attacked by Mr Cole as "professional agitators and protesters". Describing himself as "just a hairy-arsed old construction worker" who wanted to see his men in work, Mr Cole said 2,000 jobs were at stake. In this he included not just the men digging the two 935m-deep shafts but "the taxi driver who is going to take the lads back to the camp when they're pissed up".

The underground laboratory was also supported by the Windscale and Calder Shop Stewards Committee representing 4,800 employees of BNFL Sellafield. It complained of "political forces" whose objective was to prevent a solution to the nuclear waste problem being found.

## DAILY POEM

## Returning

By Jane Duran

I fly close to home with you,  
summering, wintering  
over the shingled houses.  
Along the coast  
a storm has picked at the berries  
and the flags on the sailboats  
are always beginning  
their long wandering out.

When you slide your hand down my arm  
like that, in the night,  
what is dangerous and gentle  
joins - two sides of a roof  
that the sky slides down  
pitching roses.

On the roof my heart spins timorously  
like a weathervane.

Jane Duran is the third and final recipient of the Forward prizes, announced last Thursday on National Poetry Day, for her collection *Breathe Now, Breathe* (Enitharmon), which was awarded the Best First Collection prize. Born in Cuba, she spent her early years in the US and Chile, and, after graduating from Cornell University, came to live in Britain in 1966. Her poems have appeared in *Poetry Introduction 8* (Faber 1993) and in the *Observer*, *Poetry Review* and the *TLS*.

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so happy I could cry." And so she did. So what was Margaret's advice? If you are thinking of moving or buying your first home, and would like a rate of 2.65% in the first year, £300 cashback and a free valuation, don't be crazy - just pop into your local Nationwide branch, or call free on 0800 30 20 10 quoting ref. PU87.

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Metro bombing: PM calls for unity after attack shakes faith in government's war on terrorism

## Fear grips Paris after new blast

MARY DEJEVSKY  
Paris

Yesterday's explosion on a suburban line train under the streets of central Paris was the most lethal in terms of casualties since the first in the current wave of bomb attacks at Saint-Michel station on 25 July. In terms of government and public reaction, it could prove more lethal. Where the first bomb provoked defiance and stoicism, the eighth seemed to threaten national morale.

The grave tone adopted by the Prime Minister, Alain Juppé, in the National Assembly, when he called for vigilance and



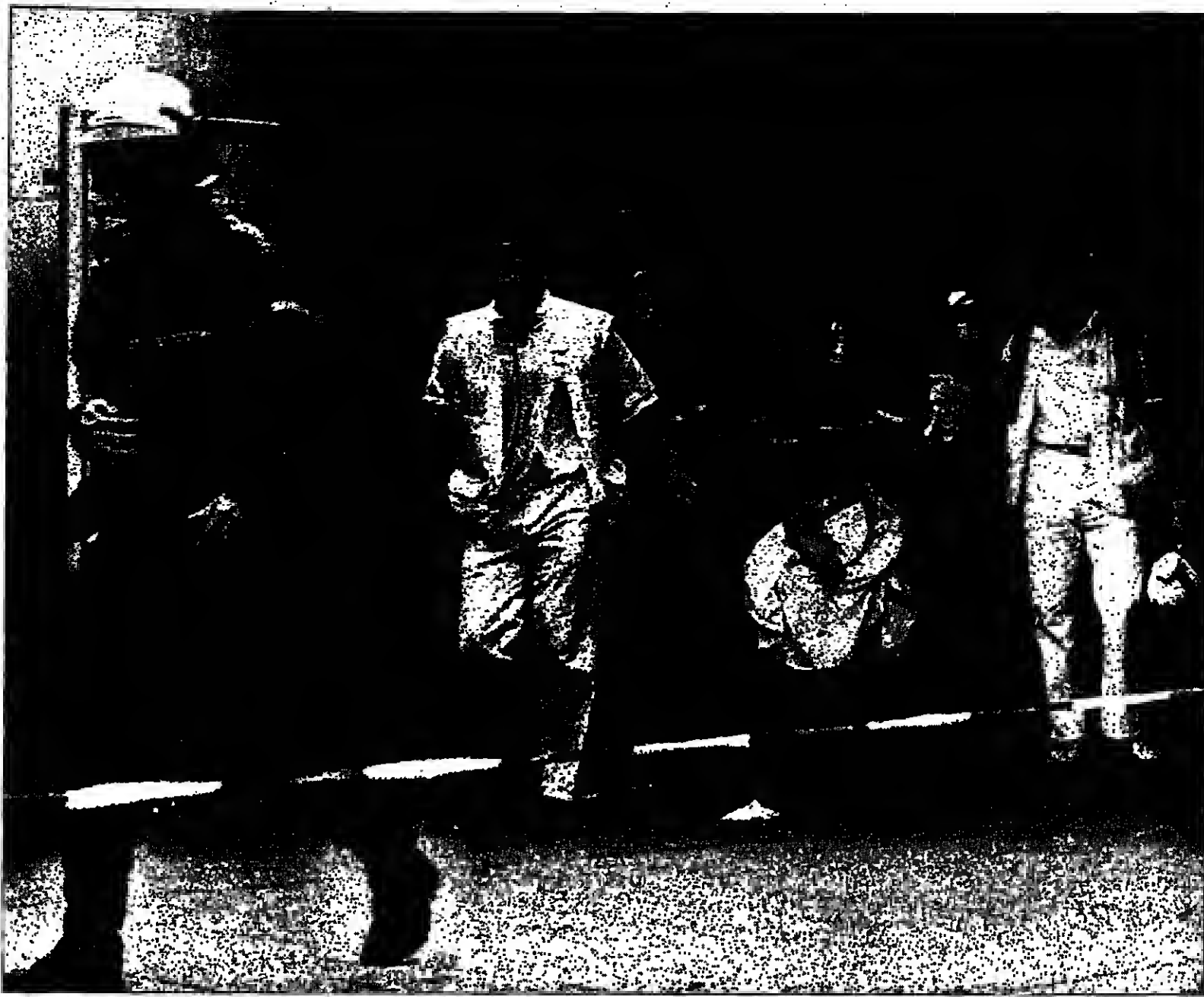
Juppé: A stern message for the nation

national unity, the immediate visits made to the bedsides of the injured by President Jacques Chirac, and the unusually solemn faces of people on the streets of Paris yesterday all testified to the fact that this explosion could not be shrugged off.

In the first place, it confirmed that the bomb attacks did not end with the life of Khaled Kelkal, the young Algerian who was shot dead near Lyons two weeks ago. Everyone had suspected as much after the bomb at Maison Blanche metro station in Paris on the day of his funeral. But they had hoped that that bomb, which injured seven people, was a last expression of vengeful hurt, arranged perhaps by his friends.

That is clearly not so. The optimistic statement made by the Interior Minister, Jean-Louis Debré, on the day after Kelkal's death, that he "had a feeling" Kelkal's cell was responsible for all the summer bombs, and by implication, that the attacks were over, now looks even less substantial than it did at the time.

The fact that Kelkal's central role can no longer be assumed will cast the spotlight back on the authorities and their conduct of the investigation. So far, they have apprehended only four people. Kelkal was shot dead by police; his closest companion is still in hospital after the gun battle with police when



Police and doctors wheeling a patient out of the Orsay Museum Metro station following the blast

Photograph: Jacques Demarthon/AP

he covered Kelkal's escape. Two others who were taking supplies to their forest hide-out were arrested at the same time.

A fifth man, Abdelkarim Deneche, is in custody in Sweden, awaiting deportation, but the Swedes have confirmed his alibi for the day of the Saint-Michel bombing and France's grounds for demanding his extradition look shaky as a result.

The authorities have put vast efforts into the investigation. The whole country is on special security alert; army detachments, helicopters and heat-seeking cameras were all deployed in pursuit of Kelkal alone. But he and the other three were only tracked down because a man picking mushrooms stumbled upon them.

Further, if Kelkal's involvement seems less crucial than it first appeared, the questions already being asked about the manner of his death will seem more urgent. Initially, the ques-

tions were more in the way of regret that he had not been captured alive. But the police and finally the Prime Minister himself all agreed that the gardes had had no alternative: Kelkal would not stop firing; they shot in self-defence.

It emerged subsequently, however, that one sequence of film had been excised. It showed Kelkal shouting "Stop, stop" after he was wounded, and apparently raising his hands.

The television company, M6, has acknowledged that the film exists and the ministers, if not the police, knew of it before they made their statements. The post-mortem on Kelkal showed that he had been shot 11 times.

But even if the questions about Kelkal's death fade away unanswered, more general questions will remain, especially if the young man held after yesterday's attack proves, like Kelkal, to be a child of the run-down micro-cities where

many North African immigrants live. Kelkal, it is clear, was on an isolated case. One part of France - sophisticated, prosperous, well-housed, employed, and largely white - now feels threatened by another part of France, by young men of Arab origin, educated if not born in France, who have rejected a country they feel has rejected them and find solace in Islam.



## Jeanne, 120 years and 238 days, is now oldest person on record

Paris — In extreme old age, as in infancy, it is the days that count. Jeanne Calment, who has lived all her life in the southern city of Arles, yesterday notched up 120 years and 238 days to become the longest-lived human being on record, writes Mary Dejevsky. She overtook a Japanese man who died in 1986 at the age of 120 years and 227 days.

Jeanne of Arles, as she became known during her 120th birthday celebrations in February, was born in 1875, before such events as the Dreyfus affair, the invention of cinema and the building of the Eiffel Tower. She met Van Gogh and was 39 at the outbreak of the First World War.

Yesterday, wearing a black and white dress made by a Paris fashion house and sitting in the new green wheelchair brought after her last birthday, she told assembled television reporters: "I have always been brave; was never afraid of anything."

For the past 10 years she has lived in a small old people's



Jeanne of Arles: Cites lack of fear as a key to longevity

home in Arles; her daughter and grandson both predeceased her. Now she is blind, almost deaf, practically immobile and "a bit distracted" but her doctor, Victor Lebre, describes her as being "more like a 90-year-old in good health" than someone of 120.

He admitted yesterday that he feared during the summer she might not make the 238 days needed to break the record: the heatwave of July and August

took its toll and only a day-trip to a local seaside resort and permission to smoke "a single cigarette" restored her morale. Now, he said, her life could probably be measured "in months rather than years", as she had "achieved her goal".

In February, Mrs Calment's 120th birthday was celebrated with singing, dancing and a large cake — although her gleeful look and waxy appearance suggested the festivities largely passed her by. Then, her only recorded comment was: "The good Lord seems to have forgotten me."

In France, her longevity has inevitably been cited not only as a personal achievement but as an advertisement for the French lifestyle and the low-cholesterol Mediterranean diet, with its olive oil, fruit, vegetables and moderate intake of red wine. And while Jeanne of Arles is clearly exceptional, the claim may have some truth: with a life-expectancy of more than 84 years, French women are the longest-lived in Europe.

## Worries over 'strong franc' overshadow budget debate

MARY DEJEVSKY  
Paris

The French National Assembly yesterday opened a two-day debate on the 1996 budget that promised stormy arguments about public spending priorities, means-testing of benefits and job-creation schemes. The debate threatened to be upstaged, however, by the old controversy over interest rates and the value of the franc.

The opening salvo was fired on Sunday by the National Assembly chairman, Philippe Séguin. Addressing Gaullist party delegates gathered for the election of Alain Juppé as party leader, Mr Séguin sketched out what appeared to be an alternative government programme, whose priority would be "cutting the domestic budget deficit".

His call to cut the deficit, expected to reach 340bn francs (£45bn) by the end of this year, was accompanied by an appeal for a reduction in interest rates, which he said were destroying

chances of economic growth. Mr Séguin's attack on interest rates that are among the highest in Europe appeared directed not just at the Bank of France but at the government's "franc fort" policy, which is seen as handicapping France in the international labour market.

Until now, Mr Séguin's position might have been interpreted as lobbying for the abandonment of European monetary union. The rationale behind the "strong franc" policy is to keep the rate of the franc consistent against the German mark in preparation for the introduction of the single currency in 1999. The deficit has to be cut to 3 per cent of GDP for the same reason: to meet the Maastricht "convergence criteria".

But Mr Séguin, who campaigned against the Maastricht treaty, said he now accepted the single currency. His remarks can only be reconciled if they are seen as a call for the rate of the franc against the mark to be renegotiated at a lower level.

Mr Séguin is not alone in suggesting that France ought to abandon the "strong franc". Monday's *Le Monde* published three authoritative articles on different aspects of the case.

One, by Jean-Pierre Chevènement, a former minister, said monetary union had proved too divisive. Another, by Professor Gérard Laffay, an academic economist, called for the governor of the Bank of France to be replaced, and with him, the "strong franc". The third, from an employers' representative, said high interest rates were preventing job creation.

However, the question is whether President Chirac, whose campaign pledges included the "strong franc" policy, could break that promise.

The franc weakened again yesterday as the budget debate began, passing through the psychological barrier of Fr3.50 to the mark from Fr3.49 on Monday, writes Diane Coyle. Traders said they expected the franc to continue to fall, due to concerns about government finances.

## Anger as EU court bans job quotas for women

SARAH HELM  
Brussels

The all-male European Court of Justice yesterday outlawed job quotas for women, removing the main instrument used by many governments and employers to promote equal opportunities at work.

The court, which arbitrates on matters affecting the EU, ruled that positive discrimination by use of quotas is, in effect, sex discrimination against men. But the ruling is by no means the end of the quotas argument: women's groups in the

European Parliament blamed outdated and badly phrased legislation for the decision and will today demand that Brussels issues a new directive that would unambiguously enforce the use of quotas throughout each member-state.

Nel van Dijk, the Dutch chairwoman of the European Parliament's women's-rights committee, said it was a nonsense for the court to say quotas discriminate against men. "Women have been sexually discriminated against for years, and it still happens. Positive action like this is the only way to

reverse the situation," she said. Britain, the only country that argued for a ban on quotas, welcomed the ruling, which it viewed as a welcome display of "moderation" by the court.

But if the case simply brings new pressure on the Commission to draw up tighter legislation, Britain will be forced into a big fight. Since the quotas case began in December, Sweden and Finland have joined the EU and both have powerful women's lobbies.

Yesterday's ruling centred on a case involving Eckhard Kalanke, who complained he

was unfairly discriminated against when rejected for promotion to the job of section manager in Bremen's parks department. He had a diploma in horticulture and landscape gardening and had been a horticultural employee since 1973. In the final stage of recruitment there was one other candidate, Heike Glimmann, who held a diploma in landscape gardening and had been a horticultural employee with the department since 1975.

Under Bremen's law on equal treatment in the public service, the department had to

give the job to a woman. Where women applicants had the same qualifications as males and were under-represented in that job, government agencies had to give preference to females. The German law said women were under-represented if they did not make up at least half the staff in the relevant pay and job level, which was the case in the Bremen parks department.

The German state legislature drew up the law believing it was in line with a 1976 EU directive. But the Court of Justice ruled yesterday that the directive did not allow a Bremen-style quo-

ta system. The EU law, which has not been tested on these grounds before, was designed to promote equal opportunities, said the court, and to outlaw sex discrimination. The court accepted that the EU law allows "special measures" to be taken to erase "existing inequalities".

However, giving a narrow interpretation of those "special measures", the court made clear they did not involve quotas: "A national rule which automatically gives women of equal qualification priority over men involves discrimination on the grounds of sex."

AMNESTY WEEK 15-22 OCTOBER



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## international

# Bosnia settlement: Last-minute demand by Croats and Muslims to consolidate recent gains throws talks into confusion

## Land claim upsets US peace plan

TONY BARBER  
Europe Editor

The US-inspired peace plan for Bosnia suffered a setback yesterday after a senior Bosnian official demanded more territory for the Muslims and Croats at the expense of the Bosnian Serbs. Eijup Ganic, the Bosnian Vice-President, said existing proposals, which would give 51 per cent of Bosnia to the Muslims and Croats and 49 per cent to the Serbs, were "illogical and out of date".

The United States, Russia and the main European powers decided 18 months ago on the 51-49 per cent division, and since then the proposal has been a rare fixture in a shifting diplomatic landscape.

The Muslim-led government accepted the proposal last year, but the Bosnian Serbs, despite scaling down territorial de-

mands as a result of military defeats since July, dislike it and would almost certainly resist any attempt to allocate them even less land. Until their losses in western and northern Bosnia, the Serbs held about 70 per cent of the republic, but now the balance of control broadly matches the 51-49 initiative.

Mr Ganic said it made no sense for the Bosnian Serbs to receive 49 per cent when, according to his own estimate, only 400,000 Serbs - or 11 per cent of Bosnia's pre-war population - lived in Serb-controlled areas. Before the war, Serbs made up about 32 per cent of Bosnia's 4.4 million people.

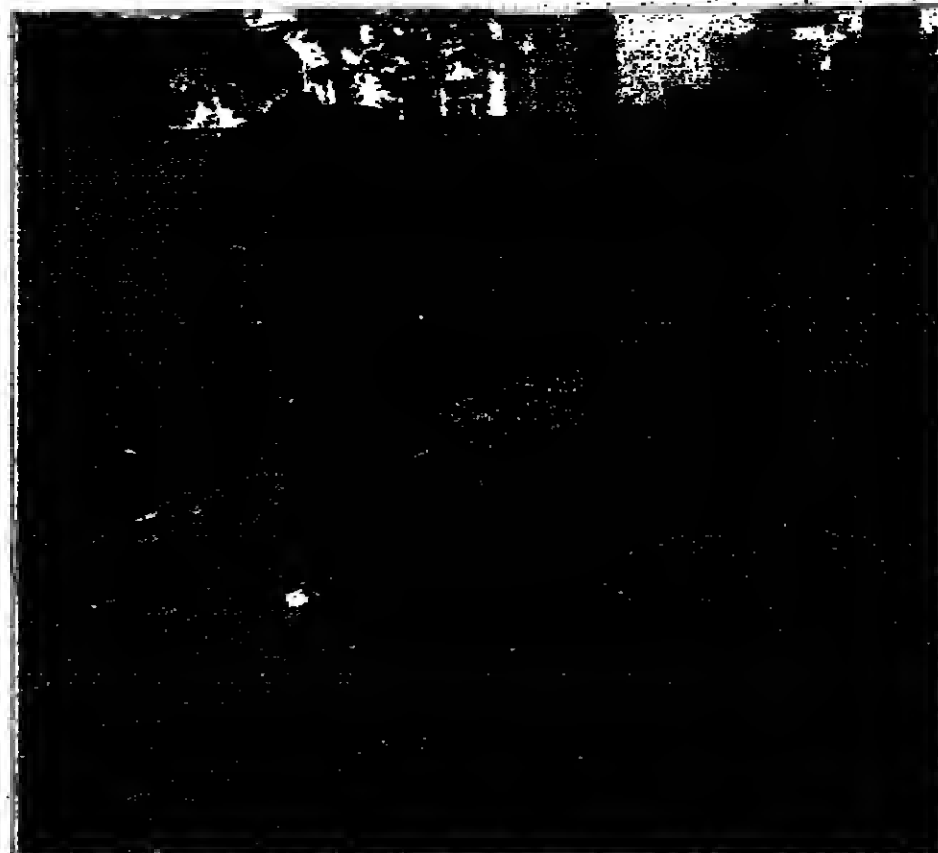
Many Serb-held regions of Bosnia are depopulated because Serb forces have expelled vast numbers of Muslims and Croats since April 1992.

Mr Ganic's comments indicate that Muslim leaders have

not lost hope of putting all of Bosnia back under the control of Sarajevo. Fulfilling this would be a tall order, since it would mean not just defeating the Bosnian Serbs but taking on those Bosnian Croats whose primary allegiance is to Croatia.

Meanwhile, diplomats said the US, Britain and France had made it clear to Croatia that it should not scupper peace talks by launching an offensive to recapture Eastern Slavonia, the last Serb-held region of Croatia. But a US official said the Croats had indicated an attack was likely if no negotiated solution had been reached by 30 November, when the UN mandate expires in Croatia.

US and Russian officials held talks in Moscow yesterday on how to bring Russian soldiers into a Nato peace force in Bosnia. The US opposes a joint Nato-Russian command.



A Bosnian government soldier views the blanket-covered bodies of 11 non-Serb men shot dead in Kamengrad as the Serbs retreated before a Bosnian army offensive.

## Arresting time with a PR tyrant

There is one sacred cow in the Srpska Republic who must not be criticised in print on pain of a lifetime ban from the Serb statelet in Bosnia. Broad of girth, mean of spirit, Sonja Karadzic owes her position as press supremo entirely to her father's job (he's the psychiatrist turned "President") but wields her powers without mercy or, sadly for her people's cause, without regard to the fundamental rule of PR: try to be nice to the press.

On Monday, Sonja, emboldened by her father's absence on business and keen to flex her muscles, ordered Bosnian Serb police to arrest three journalists (I was one) for seeking permission to work in Serb-held territory. The grounds for detention were ridiculous, as the police well knew, but as underlings in a police state that retains unquestioning obedience, they did as told.

Held incommunicado for more than 15 hours at the police station in Pale, rebel Serb headquarters, we had plenty of time to ponder the Catch-22: you can't come in without permission; you can't get permission unless you come in. It is almost impossible to telephone Pale from Sarajevo, so I and two American colleagues had crossed the front line to call Sonja from Lukavica barracks, as I have often done.

The soldier at the Lukavica press centre was charming but said we could not ask permission by phone: we must drive the 30km to Pale. Ida, an English-speaking Serb, was sent with us. At Pale press centre I greeted the staff, whom I know well from earlier visits. Then one of my colleagues uttered the dread words: "I'm Tracy Wilkinson, *Los Angeles Times*." A ripple ran through the room; the news was passed to Sonja, next door.

The Pale officials don't much like any Western journalist, given as we are to reporting reports on "ethnic cleansing" and shelling of civilians, but in the five months since her arrival, Tracy has achieved a special place in Sonja's heart. The problem does not seem to be her copy, which is no more anti-Serb than most. It is more her audience; there is a large, literate and well-organised Serb diaspora in Los Angeles. Many of our reports are routinely faxed to Pale; it seems LA just has a more dedicated cuttings service. Four policemen walked in. "They have no papers to be here," said Sonja shrilly as we tried to remonstrate. Tracy, Kit Roane of the *New York Times*, Ida and I were marched off to the station.

We were told only that we must spend the night there.



Emma Daly has a little difficulty trying to get permission to work in Serb territory

Journalists are routinely banned by Sonja (I have been in the past and certainly will be in the future) and those with permission to work must travel along designated roads with an official translator (fee: about £50 per day per reporter, payable to Sonja). But official hostility usually wears a mask of civilised regret - it is too dangerous for you to visit - or of rigid bureaucracy: no one but the President can speak on that subject and he is busy.

Our police guards were mostly friendly (one bought us beer, cigarettes and *cevapici* - sausages) but powerless to help. We were not threatened or beaten - though the commander, who swept in, refused to shake my hand, and ordered us to shut up, was frightening. Ida was terrified she would be blamed for whatever sins we might have committed. We did not expect to be killed or tortured or held for long but there were moments in which I began to wonder.

Yesterday morning we were collected by the man from "national security" who seemed to realise the incident was a farce: there was nothing to question us about, as the soldier at Lukavica had confirmed our story. He asked for our addresses in Sarajevo, then said: "Are you afraid we would shell your houses?" We smiled stiffly. And he asked our opinions on the war: "Do you think Alija Izetbegovic [the Bosnian President] could take power in England with a Muslim party? Do you?" I agreed that was unlikely. But his questions, as so often with Serbs who feel the victims of a global conspiracy yet know that terrible crimes have been committed for their cause, betray a fundamental insecurity.

Ida and the Lukavica soldiers invited us to visit if we returned. Ida lives in Grbavica, a deprived urban front line. Her father was killed by a Bosnian sniper, but she has none of Sonja's rage. The war has created monsters, and it has given free rein to Sonja's instincts.

### IN BRIEF

#### Ciller asked to form another government

Ankara — President Suleyman Demirel of Turkey has asked the Prime Minister, Tansu Ciller, to form a new government. Mrs Ciller, who lost a weekend vote of confidence in her minority administration, is likely to re-form a coalition with her former Social Democrat partners until early general elections are held. *Reuters*

#### Israel rattles the sabre at Hizbollah

Jerusalem — Israel's Cabinet gave the army "freedom of action" against the Shia Muslim group, Hizbollah, and accused Iran and Syria of aiding the guerrillas. The Lebanese Defence Minister, Mohsen Dalloul, said Muslim guerrilla attacks that killed nine Israeli soldiers in south Lebanon were "superb." However, Prime Minister Yitzhak Rabin suggested that Israel would not launch a large-scale military strike against Hizbollah which killed nine Israeli soldiers in two attacks in south Lebanon. Mr Rabin noted that with the recent attacks, Hizbollah did not violate a 1993 U.S.-brokered understanding under which Hizbollah agreed to refrain from sending Katyusha rockets into northern Israel if Israel did not hit civilian targets in south Lebanon. *AP*

#### Letter bombs injure two in Austria

Vienna — The leader of the opposition leftist Greens party said police should interrogate right-wing opposition leader Jörg Haider after a prominent refugee activist and a foreign-born doctor were injured by letter bombs. A third letter bomb, mailed to a South Korean-born doctor, was detected and secured by police before it exploded. *AP*

#### Slum violence continues for third day

Nairobi — Kenyan riot police shot and wounded two people when violence erupted for a third day in a Nairobi slum where youths from rival tribes patrolled armed with knives, clubs and spears. Tension between youths from the feuding Luo and Nubian tribes in Kibera threatened to erupt into worsening violence. Four people have already been killed. *Reuters*

#### Tamil rebel divers blow up supply ship

Colombo — Tamil rebel divers infiltrated Trincomalee harbour, 150 miles north-east of Colombo, and blew up a navy supply ship, killing 12 people. Sri Lankan government troops launched offensives on two fronts. Forty-four soldiers and at least 26 rebels died in battles on the Jaffna Peninsula in the north and in the eastern Batticaloa region. Thousands of troops backed by warplanes and navy gunboats advanced on rebel positions in the north, in what could be a prelude to an assault on the rebel stronghold of Jaffna City. *AP*

#### Fans cheer film star's release

Bombay — Thousands of fans cheered as the Indian film idol Sanjay Dutt, 36, was released on bail after 14 months in a Bombay prison on terrorism charges. India's Supreme Court ordered his release on Monday after federal police said they had no objections to his being freed on bail in a case linked to a series of bombings in Bombay in March 1993 that killed 260 people. *Reuters*

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## international

## Bulldozers march on Peking's old courtyards

A unique feature of the city is under threat, writes Teresa Poole

Peking — As one of the Empress dowager Cixi's favourite eunuchs, Li Lianying lived in comparative style in his traditional courtyard residence near Houhai lake, north of Peking's Forbidden City. The quadrangle was laid out according to established form: a single doorway led off the hutong, or alleyway, and through to a rectangular courtyard overlooked by single-story rooms.

Then, as now, the distinctively shaped roofs had grey tiles and the pillars and window-frames were painted red. At that time, Li and his relatives would have had the quadrangle to themselves; now, 14 families are crammed in. "Everybody knows each other," said one resident, Mrs Yan.

Away from the city's new office blocks and shopping centres, the reality of everyday life for many Pekingers is still focused on the hutongs. But not, perhaps, for much longer. Old Peking is fast disappearing as bulldozers move in. Conservationists are alarmed at the apparent lack of concern about which hutong districts should be protected and residents are often dismayed at the prospect of being forcibly moved to more expensive apartment blocks in distant suburbs. Nor is the redevelopment going to solve the housing shortage: although a construction boom has created a glut of property, it is far too pricey for the average family.

In many hutongs, conditions are squalid and even squalid. Old Mrs Liu has lived in her traditional courtyard in the west of the city for 47 years. There is no heating apart from a coal stove, the only water is from a tap in the yard shared with several families, and it is a five-minute walk to the nearest (public) toilet. Yet as bulldozers from the nearby development of Peking's "Financial Street" work their way in her direction, Mrs Liu is unenthusiastic about being re-

housed. "I have spent most of my life here. Everything seems so familiar to me. I simply don't know what life will be like for me when I can't see the red wooden window frames and the clay bricks and the trees here."

There are practical objections as well: Mrs Liu's son works at the Capital Iron and Steel Works, west of the city, but the government plans to rehouse them two hours' drive away on the other side of town.

A hundred years ago Mrs Liu's hutong probably housed merchants and tradesmen. The area is of less historic interest than the courtyard houses in the Yan family neighbourhood, once the residences of imperial retainers and aristocrats. During the Qing dynasty (1644-1911), the style of a courtyard's gate indicated the rank and social status of the owner, and beautiful stone and brick carvings can be found along the hutongs. Life was regimented: the household head lived in the rooms along the north side of the quadrangle, to benefit from the sun. His wife's bedroom was at the east end of his quarters; his concubine slept to the west.

A few of the most attractive courtyards have been renovated by mainland developers and are on the market at sky-high prices. A Hong Kong property agent said he had been quoted asking prices of £450,000 to £2.5m. But many quadrangles are too run-down to be worth restoring, or sit on land which now has prime high-rise development potential.

Xu Yong, who has produced a photographic record of some of Peking's historic hutongs, estimates a quarter of the city's courtyard housing has been demolished. "Even now the city has no clear measures to preserve the hutongs." Some 24 preservation areas were in theory designated in 1990, but the Cultural Relics Bureau has in practice been unable to stop develop-

ment projects approved by more powerful departments. Everyone accepts that many hutongs will not survive, because an upwardly mobile population demands facilities such as bathrooms and central heating. So Mr Xu is lobbying for effective preservation orders on selected neighbourhoods. These could be renovated and some used as tourist sites and

hotels, he suggests, to give future generations a glimpse of traditional Peking life. The Yan family, who pay only £140 a month in rent to the city government, just want to stay put. Mrs Yan, her husband, who works in a radio-components factory, and their two adult daughters share one large room and an annex. The hutong has been their home for 26

years and, as far as Mrs Yan is concerned, she has few wants. "We have installed a cold-water tap and already have a 1,700 yuan (£130) washing machine," she said. "We would like a large colour television and also a bigger refrigerator. But since we've been told this area may be pulled down, we will wait a few years before buying anything, in case we have to move."



Old ways: Places that were once the haunt of courtyards and the aristocracy are being demolished as an upwardly mobile population raises its sights. Photograph: Panos

## Pakistani officers try to ferret out coup plotters

TIM MCGURK  
Rawalpindi

Pakistani investigators are trying to determine the extent of a plot within the armed forces to overthrow the Prime Minister, Benazir Bhutto, and replace her with a revolutionary Islamic regime.

A major general, a brigadier and at least 38 other army officers are in custody "on charges of indiscipline", officials are being suspected of wanting to topple Ms Bhutto. The plot was thwarted last month but only now are details surfacing in the Pakistani press of how the plotters intended to arrest or kill the top generals and then kill leading politicians.

Ms Bhutto has evidently been assured the threat has passed, since she left on Monday for a Non-Aligned Movement summit in Colombia. But officers are still trying to determine how widespread support might be within the armed forces for this small but influential band of Islamic extremists.

Ms Bhutto is no stranger to military coups: her father, Zulfikar Ali Bhutto, was overthrown in 1977 and later executed by the generals. Twenty months into her first term, Ms Bhutto was ousted out by the generals. In Pakistan's turbulent democracy, military putsches have succeeded only when backed by the top generals; this last one was not.

The *New* daily said the strategist behind the plot was Brigadier Mustansir Billah, from the Baluch Regiment, who allegedly set up links with two armed Islamic militant groups, Harakat-ul-Ansar and Hezbi Mujaheddin, which are fighting in Kashmir, Bosnia

and Chechnya, and have many Pakistani recruits. Ms Bhutto was targeted for being too pro-Western.

The joint chiefs of the army, navy and air force were to meet at general headquarters in Rawalpindi on 30 September. The mutinous officers planned to seize them and declare an Islamic government. Senator Tariq Choudhry, who first leaked news of the officers' arrest, said: "If the politicians did not behave, there would also be a killing of politicians."

The military were tipped off



Bhutto: Putsch thwarted

when they arrested a Harakat-ul-Ansar militant in Muzaffarabad, capital of Pakistani Kashmir. His capture, according to some sources, came about because Ms Bhutto is anxious to prove to Washington and London that Islamabad is not involved in the kidnapping of four Westerners, including two Britons, by Al-Faraj, a suspected breakaway group from Harakat-ul-Ansar. No news was extracted from the activist about the hostages' whereabouts but he said the coup plot

came to light. The militant allegedly disclosed, according to the *New*, that Brig Billah had gone to tribal territories near the Afghan frontier to buy arms for the insurrection. He and a colonel were reportedly arrested trying to smuggle the guns into military headquarters. The press said the plotters were so sure of success that they had already designated exalted titles for themselves as revolutionary Islamic leaders.

Some Western diplomats suggested the coup inquiry into the abortive coup might lead to a further purge of fundamentalist officers who still cling to the pan-Islamic vision of Zia ul-Haq, the military president killed in 1988.

Ms Bhutto's popularity has fallen sharply in recent months. She has failed to end ethnic violence in Karachi and cannot shake off the reek of corruption that clings to her administration. But Pakistanis, having lived with military rule for 25 of the country's 48 years of existence, have few illusions about the military. Nor could an Islamic regime count on much support from outside: no Western government, and few Muslim ones, would back mutineers who toppled a moderate democracy.

Meanwhile, in Karachi, Ms Bhutto's brother-in-law, Nasser Hussain, has been arrested in connection with the death of a local politician, Ahmed Ali Soomro. Although married to Ms Bhutto's younger sister, he was considered an adversary, since he sided against the Prime Minister in a family feud; he was an ally of Ms Bhutto's estranged brother, Murtaza, who is trying to stage a political return, even though several terrorism charges are hanging over him.

## Kaunda faces deportation

CHOLA CHIMBANO  
Reuters

Lusaka — Kenneth Kaunda, the former Zambian president, is facing possible deportation after a court ruled he was not a Zambian.

In the latest twist in the increasingly bitter battle between President Frederick Chiluba and the former leader, the Home Affairs Minister, Chitah Sempa, said Mr Kaunda, 71, ruled Zambia illegally from independence in 1964 until 1970, when he renounced Malawian citizenship. "The government is satisfied the former president is not a Zambian and necessary work is being done to see that

the law is applied... We are still investigating and shall accordingly deal with him just like any other alien," said Mr Sempa.

Mr Kaunda, who is attempting a political comeback, has not spoken on the allegations, or could he be reached for comment. It is not clear where the government hopes to deport Mr Kaunda, who last month described himself as a "Zambian, pure and simple". Dual citizenship is not allowed but any person born in the country is entitled to citizenship.

A 1964 Independence Order gave non-Zambians one year to apply for citizenship. Zambia's first home affairs minister under Mr Kaunda's government said last month that the former

president's delay in renouncing his Malawian citizenship could have been an oversight by his ministry.

Mr Kaunda's bid to return to power in general elections set for October 1996 could also be jeopardised if a draft constitution is approved, barring anyone who is not a Zambian citizen by birth from contesting. It also disqualifies anyone who has already served two five-year terms from seeking re-election.

Mr Kaunda ruled Zambia for 27 years, 17 of them under a single-party system, until he was ousted in the first multi-party election in 1991. He re-entered politics by winning leadership of the opposition United National Independence Party in July.

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Million Man March: Messiah or racist hater — only time will tell — but the Nation of Islam leader has made his mark

## Farrakhan wins a degree of respect

RUPERT CORNWELL  
Washington

Love him or loathe him, exult in his black separation or condemn him as a racist hater — on one consequence of the "Million Man March" of black men, everyone can agree: that the rally has massively enhanced the stature of its main organiser, the Nation of Islam leader, Louis Farrakhan.

Only gradually will the impact of Monday's event become fully apparent. Time will tell whether the good intentions of the "Day of Atonement" will produce deeds to match in black communities. No less nebulous are the implications for race relations and the national political scene.

Will the march loosen the Democrats' hold on the black vote, a vital constituency if President Bill Clinton is to win re-election next year? Will it ease racial tensions — or merely make them worse? Will it generate more registered black voters, as Mr Farrakhan demanded? Most tantalising of all, will it help or hinder General Colin Powell if he runs for President.

All are questions as yet impossible to answer. But Mr Farrakhan, as the abuse heaped upon him anew by many leading politicians only serves to prove, is now a figure to be reckoned with by all. He may be, in the words of Speaker Newt Gingrich yesterday, "an unrepentant bigot," who laced his two-and-a-half hour speech with attacks on the white icons from George Washington down.

The fact, however, remains that the leader of the Nation of Islam, previously considered on the margins of mainstream black politics and best known for his rabid anti-Semitism, assembled the largest gathering of black Americans in history. Whether 400,000 as the National Park Service estimates, or the 1 million plus claimed by the organisers, the number on the Washington Mall far exceeds the 250,000 drawn by Dr Martin Luther King in August 1963.

Since then, a depressing cycle of black politics has run its course. Traditional black organisations such as the NAACP have lost influence as the old civil rights movement has come apart. After two runs for the Presidency, Dr King's heir, the Rev Jesse Jackson, is a fading force, among blacks and in national politics. Into the vacuum has stepped Mr Farrakhan.

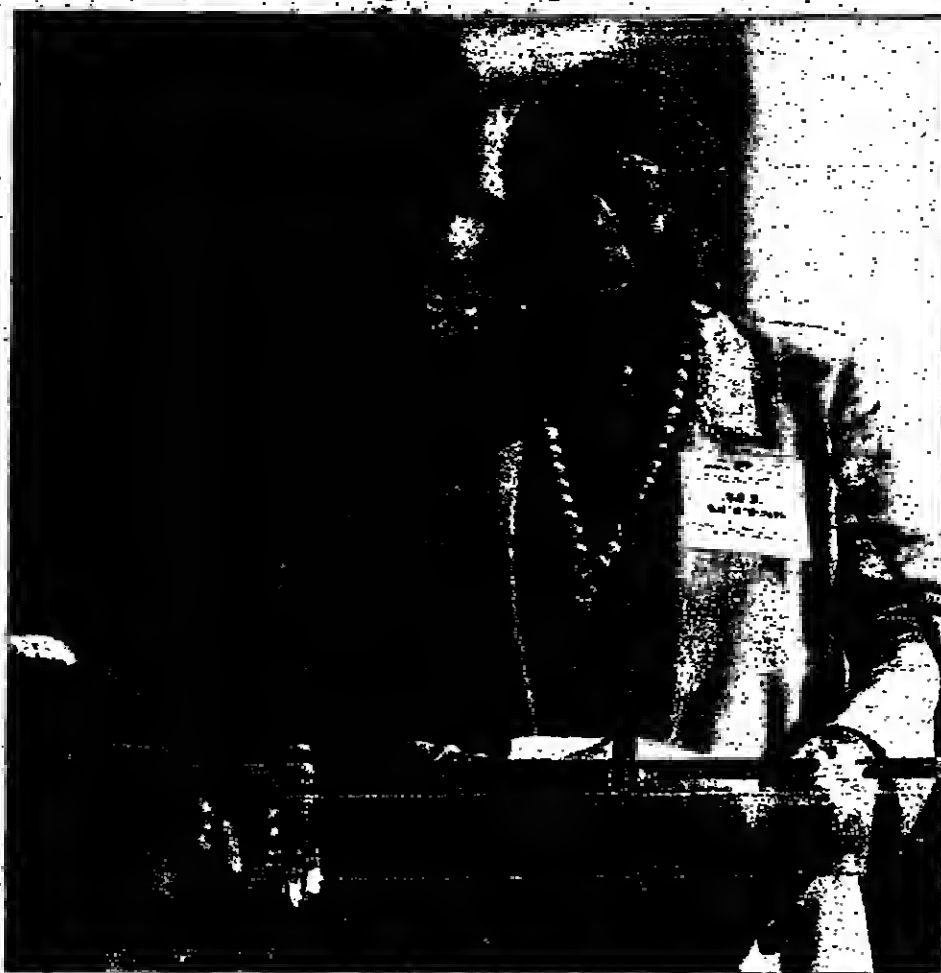
Even blacks who had been suspicious of his separatist message acknowledged his success, from Mr Jackson who waited two months to give the speech his approval, to Myrtle Evers Williams, leader of the NAACP, which had officially boycotted the event. "There was a spiritual awakening," Ms Williams said. "He's moving forward and he's using all of us to do it. I say, let's give him a chance."

Whites, though, were universally unimpressed. While Jewish leaders rejected Mr Farrakhan's call for peace talks between blacks and Jews as a stunt, a gaggle of Republican candidates rained abuse on Mr Farrakhan and criticised Mr Clinton for not condemning him by name in his powerful appeal for racial healing in Texas on Monday.

Bob Dole called Mr Farrakhan "a racist, unimproved by hate" and attacked Mr Clinton for "the implication that ours is a racist nation". But not one prominent Republican has come forward with a serious speech on race, the most burning issue in national politics and one fanned further by the OJ Simpson verdict and the approach of the Million Man March.

Speaking on CNN's Larry King show, Mr Farrakhan begged that not even General Powell, who leads Mr Clinton in the polls by 10 points, could have drawn as many people. On a Powell presidency, the Nation of Islam leader was withering: "I'm just applauding a black man for running to be the manager of a white reality."

Brian Appleyard, page 19  
Farrakhan, Section Two



Woman's view: The poet Maya Angelou addresses the Million Man March on Capitol Hill, supported by the Mayor of Washington, Marion Barry. Photograph: Doug Mills/AP

## Black women elated as men find self-respect

JOHN CARLIN  
Washington

Monday's Million Man March in Washington was about black American men rediscovering self-respect. Men who lack self-respect talk tough and act tough; they walk with adolescent struts, they join gangs in the hope of finding refuge for their fragile egos. Sometimes they turn to drugs or drink, beat their women, shun the responsibilities of fatherhood. Fifty four per cent of black children in America are growing up under single mothers.

All of which helps explain why black women appear overwhelmingly to have supported the march and to have been undisturbed by their exclusion. The response of black women — as conveyed in scores of interviews — was to welcome the attempt by black men to gather, as the organisers defined the exercise, in a giant act of atonement.

Some women spoke from the podium. Rosa Parks, the mother of the civil rights movement who caused a national stir when she refused to give up a



Betty Shabazz: The widow of Malcolm X remembers

"whites-only" bus seat in Alabama in 1955, said: "I am honoured that young men respect me". Other women spoke, notably the poet Maya Angelou and Betty Shabazz, the widow of Malcolm X. Cora Masters Barry, wife of the mayor of Washington, declared: "This is the prettiest sight I've ever seen in my whole entire life."

Many women chose to see the march as a gesture of recognition by black men of the pivotal role women have played in supporting black households. One man observed that black women had been black men's "backbone" for too long and it was now men's turn to help

shoulder the burden of family and community life.

A group of women in Toledo, Ohio, took the day off work to watch the march on television. Shannae, one of its members, said: "This is like a thank-you the black men are giving to black women. It gives women a chance to see that black men do appreciate them."

Several hundred women observed the march in small groups from the periphery of the Washington Mall. Others took up positions at underground stops and greeted marchers with cries of "We love you" and banners that read "We're with you, brothers." Gwendolyn from Virginia said: "I am very proud, elated."

The women looked fondly on the marchers, like proud mothers at a school graduation day. And what they saw gave them hope that perhaps they might outgrow adolescence, start standing up on their own two feet and start sharing the burdens of adult responsibility. For the black men, hundreds of thousands of them, were not strutting, were not cringing. They stood tall.

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## Winnie fights to stay wed to Mandela

JULIETTE SAUNDERS  
Reuters

Johannesburg — Winnie Mandela's lawyers said in court yesterday that she would fight divorce proceedings brought by her estranged husband, President Nelson Mandela, on the grounds that the 37-year marriage could be saved. But Mrs Mandela said in papers filed in the Rand Supreme Court in Johannesburg that if the divorce was granted, she wanted half of her husband's assets.

The couple separated in April 1992 after Mrs Mandela was convicted of complicity in kidnapping and assault of children in Soweto. Her driver and bodyguard were convicted of murdering one of the children.

Mrs Mandela, 60, claimed her husband had not followed African cultural traditions in seeking reconciliation, forgiveness and family cohesion and had not recognised her role in making him internationally famous. "In the circumstances, there are reasonable prospects that with proper and adequate counselling, including the cultural and traditional tutelage, the parties have reasonable prospects to reconcile," her lawyers said in the papers.

"During the subsistence of the marriage, the defendant [Mrs Mandela] contributed di-



Winnie Mandela: Wants half of husband's assets

rectly and indirectly to the maintenance and increase of the plaintiff's estate, by rendering services, immortalising the global profile of the plaintiff, and further by other means."

Mr Mandela, 77, who is said to be planning a third marriage, claimed in a summons pinned to Mrs Mandela's door recently that their marriage had irretrievably broken down. She had allegedly dodged officials trying to serve papers on her.

The papers filed by Mrs Mandela yesterday said the president had failed adequately to recognise her role in bringing up their two daughters and her protection of them under apartheid.

"She is very ill-advised to contest this. Whatever she does to hurt her husband hurts the African National Congress and rebounds on her," said a political analyst, Robert Schrire. "The only sensible thing would be for her to be as gracious as possible to minimise the damage — I think it will be the death of her politically."

Others were less sure. "Winnie Mandela is a survivor. You don't have to admire her manner or politics to admire her ability to come back again and again," said an ANC official.

The case is the fourth this year to involve Mr Mandela and his wife, who earlier challenged the technicalities of her dismissal as a deputy minister, forcing the president to reappoint her and fire her a second time.

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Politicians have always been reluctant to take the blame for failure. Jack O'Sullivan looks at some who made their excuses and left

# So when should a minister resign?

Michael Howard's unwillingness even to consider resignation over the Whitmore and Parkhurst jail breaks should come as no surprise. After all, James Prior hung on to his post as Secretary of State for Northern Ireland in 1983, when more than 30 IRA inmates escaped from the Maze prison. Some are still at large.

Many look back to a golden age, with ministers falling on their swords whenever the performance of their departments was found wanting. But that time never existed. Ministers generally stay in their jobs at least until the next reshuffle, almost regardless of how badly they have performed their tasks. Lord Carrington was the last to dispatch himself honourably when in 1982 he resigned as Foreign Secretary, along with his fellow ministers Humphrey Atkins and Richard Luce. They took responsibility for failing to anticipate the Argentine invasion of the Falkland Islands.

Prior to that, the last resignation for ministerial failure had been by

Sir Thomas Dugdale, who left the Ministry of Agriculture in 1954 over the "Crischel Down" affair, a scandal concerning the Government's failure to return land to its rightful owners after the Second World War. Sir Thomas had had no personal involvement in the mistakes made by his officials, yet still stepped down. At the time, Sir Winston Churchill, the Prime Minister, reflecting general surprise at this noble act, saluted Sir Thomas's sense of honour as "chivalrous in a high degree".

Contrast his behaviour with Norman Lamont, the Chancellor of the Exchequer, who failed to resign in 1992, when Britain was forced ignominiously to leave the Exchange Rate Mechanism after a day of financial chaos. He survived until forced out in a reshuffle. Likewise, James Callaghan merely moved sideways to

the position of Home Secretary in 1967, after devaluation made his position as Chancellor untenable.

Sexual or financial scandals, particularly in recent years, have been far more likely than administrative failure to destroy a ministerial career. Churchill's government of 1951-55 was free of such scandals, whereas they claimed four ministers under Edward Heath (1970-74). John Major has lost a record seven front-bench colleagues as a result of public controversies, including Jonathan Aitken, Neil Hamilton, Michael Meates, David Mellor, Tim Yeo and the Earl of Cottesloe.

Looking back over the period since the war, a great cultural divide

between the Conservative and Labour parties becomes apparent. Not a single Labour minister has resigned since 1945 because of his or her sexual behaviour. This compares with numerous philandering Tories. And the only financial scandal to oust a Labour minister was the fall of John Birt from the Board of Trade in 1948, for, as he said in his resignation letter, "the acceptance of gifts and hospitality from shady wheeler-dealers" in the whisky industry. In contrast there have been six post-war Tory resignations over financial scandals.

Labour politicians specialise in leaving office over points of principle. Nine parted from the Wilson/Callaghan Labour government of 1974-79 on matters ranging from opposition to EC membership (Eric Heffer) and distaste for education cuts (Joan Lester) to Reg Prentice's general disenchantment with his party. They followed a long Labour tradition, noisily exemplified by

George Brown, the deputy Labour leader, who resigned in 1968 over "the way the Government is run".

Such principled resignations often but do not necessarily prove fatal to a politician's ambitions. Harold Wilson became Prime Minister in 1964, 13 years after

resigning from Attlee's cabinet. Likewise, Michael Heseltine became deputy premier in 1995, nine years after storming out of Downing Street when he failed to win agreement that Westland helicopters should be rescued by a European consortium in preference to an American buyer.

The Thatcher government, perhaps because it had such a strong ideological flavour, was the only post-war Conservative administration to shed ministers over principle at a rate that compared with Labour governments. Thus, Ian Gow, Nigel Lawson and Sir Geoffrey Howe all left top jobs after falling out with Margaret Thatcher. But none returned to office. As Mr Howard has realised, the tried and tested way to get on in politics is never to say sorry and never to resign.

## REASONS FOR MINISTERIAL RESIGNATIONS SINCE WW2



## Diary

VICKY WARD

Ian Fleming aficionados are in for a terrible shock. Capitalism has robbed James Bond of his favourite tipple - I fear we shall never again hear that immortal phrase: "One dry Martini [lift of eyebrow] - shaken, not stirred" on our hero's lips. In the forthcoming Bond film, *GoldenEye*, 007 acquires a peculiar penchant for Smirnoff Black vodka. This has nothing to do with the personal preferences of the new Bond actor, Pierce Brosnan, but is the result of Smirnoff having stumped-up megabucks for the privilege of having Bond consume their label.

There is worse, however. Not content with tampering with Bond's drinks, the producers are now messing with the cast's sartorial style. Tradition has it that the villain wears a Savile Row suit cut almost as sharply as 007's himself - a sign of just how dangerous the enemy is. In the new film, Bond's adversary will sport a quite revolting garment - a black T-shirt with the logo "Wired" (after the futuristic magazine) emblazoned on it. Even if the garment was not so disgusting, surely such blatant advertising in what ought to be a cult classic should be banned? This debate is currently causing something of a rift in my household, because one of those hoping - nay, praying - to reap the commercial advantages of the new brand-boosting Bond is my husband, Matthew - he is, alas, UK publisher of *Wired*. The campaign against creeping cultural commercialisation starts here!



No vodka in those Cold War days

Speaking of altering tradition, I do not recommend opera purists to attend tomorrow's opening night of Purcell's *The Fairy Queen* at the English National Opera in central London. The opera is based on Shakespeare's *A Midsummer Night's Dream*, but in this production the director, David Pountney, has decided to give weird and wacky names to Titania's followers. Thus in addition

to the already exotic Peaseblossom, Moth, Cobweb, and Mustardseed, new characters are named "Iba", "Ibax", "Grace", "Favour", "Bantevabogus" (don't ask me!) and "Mum Pook".

"There's no point trying to find any meaning in the names," Pountney has helpfully confided. And I guess one should not be surprised that for the last act, containing the nuptials, the whole cast should pretend to have been whisked off to China - "a glorious Maoist wonderland".

"It's all dreadfully obscure," comments Pountney gleefully. Or just plain dreadful? We shall have to wait till tomorrow to see.

Throughout the ages novelists, poets and theorists have transformed the birth metaphor into a weary cliché, but now an author has enacted it. While Helena Drysdale's publicist was leaving a message on her answering machine telling her that she had been nominated for the imaginatively titled "Exquisite, Apple, Waterstone's non-fiction award", Ms Drysdale shrieked - and gave birth. "I was mid-contracted in a birth tank in the

kitchen when I heard the answer machine go off," she says. "I could hear the wonderful news but couldn't exactly go and pick up the phone."

The winner will be announced tomorrow and Ms Drysdale's book, *Looking for George*, is reckoned to have a good chance. It tells how the author went to Romania to find a former lover she had not seen for 12 years, only to uncover the horrific circumstances of his death. Now she is married to an art dealer with whom she has two children. "The newly born Xanthie is the second arrival," she explains, "but I suppose I should have called her Bequie or Waterstone."



Too busy to get to the phone

David Hill, one of the five Labour spin doctors in Blackpool last week to "rebut lies, expose divisions, and reveal what is the real agenda of the conference", was spotted practising his trade only a few days earlier outside Soho's Garrick Club, accompanied by Sir Robin Day and Roy Hattersley MP. "An animated discussion commenced in the street about the pronunciation of Rioja," says an eye-witness. "Sir Robin was convinced you should say Rioaka, as in oak tree. Hill rebutted him and said it was Rioaka as in rock." Impasse - until the trio dissolved into laughter when Hattersley suggested they consult the only man likely to know the definitive answer... yep, that's the one, Michael Portillo.

Yesterday my telephone rang and a very woebegone voice said: "Vicky, you don't think I'm a blusterer, do you?" It belonged to Terry Major-Ball, the Prime Minister's brother, who is distraught at an item in yesterday's *Daily Telegraph* about a

BBC2 programme to be shown later this month, which, it said, features him "blustering around Europe."

I don't think they know the meaning of the word "to bluster", said Terry, "but it's very offensive." Indeed it is. It means, "to storm boisterously" or, as a noun, "noisy self-asserting talk, threats etc". Memo to *Daily Telegraph*: I know Mr Major-Ball pretty well. He is never noisy, nor boisterous, nor self-asserting and as for threatening - a caged canary is more threatening. A fact proved when Mr Major-Ball rang up the acting editor to complain, but did not get past his secretary "because," he says, "I didn't want her to think I was taking it out on her."

Last week my colleague John Walsh took the mickey out of me for advising Nick Cave, the long-haired rock star, to try out the 19th-century author Wilkie Collins. Far from poking fun at me, Mr Walsh should have been rejoicing that we were able to converse at all, because the start of my dialogue with Mr Cave was the most unpromising exchange I have ever experienced. It went:

Me: "Hello. I'm the only person in this room who hasn't got a clue who you are."

Him: "Oh, that's OK. I haven't got a clue who you are."

Me: "You look like a rock star."

Him: "I am." Pause.

Me: "But you look very clean for a rock star."

Him: "Yeah, well, I just got out of the bath..."

To get to crime literature from here is, I feel, nothing short of a miracle. But Cave's fantastically good manners helped enormously. He even told a complete lie just to make me feel at ease. "Yeah," he said, nodding. "I don't really know who Elmer is either."

My note last week about Sir Laurence Martin debating against Colonel Gaddafi at the Cambridge Union has raised his eyebrows. He is not, to his knowledge, doing any such thing. It seems the Union president forgot to tell his colleagues that Sir Laurence had cancelled. Gaddafi, however, could still be in the running. Any takers?

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## The dream of Gummerus

The strains of Elgar swell and our mental cameras pan the lush fields, the flowered hedgerows, the gabled oaks and ivy-clad cottages of rural Britain. We all love the countryside; those few of us who actually live in it, those who aspire to it and the great majority who simply like to visit it. On the whole we believe that it should be preserved or enhanced, a living counterpoint to the dirty, exciting world of town and city. And yesterday the Environment Secretary, John Gummer, unveiled a White Paper (one year in the making) designed, he claimed, to do just that.

It recognises that the physical deprivations of industrial-scale agriculture have been followed by a hollowing out of village communities. Scarce housing stock has been bought up by commuters whose work takes them to cities during the day, by second home owners and by retired people who want to keep themselves apart. Younger villagers have been forced out by a lack of housing, services and – as agricultural employment has declined – by the lack of jobs. The new country-dwellers have exacerbated this through their adeptness at opposing any development that threatens the perfection of their rural retreat. Village shops have closed, unable to compete with the cornucopia available a short Volvo-ride away in the out-of-town hypermarket.

Not all of this has been inevitable. Much of it has happened because badly constructed subsidies have encouraged undesirable outcomes. Farmers have been given money to grow more than we need and cut down hedgerows and trees to do it. We have subsidised commuting through free motorways and cut-price

railways. Store chains have been allowed to build hypermarkets on greenfield sites. To his credit John Gummer has recognised all this and more. The White Paper sets itself the task of ushering in a new era of policy explicitly designed to assist the preservation and enhancement of a "living countryside". And many of its provisions will find wide support. On services, it proposes to assist small general stores and post offices with rates relief. It suggests a greater role for parish councils – especially in the area of community transport. It allows for a limited and sensitive relaxation of planning constraints on the setting up and accommodation of new businesses. It recommends a Rural Charter, allowing the special needs of country customers to be addressed in the service measurement of service providers.

Fine and good. Together these measures should improve things. Yet on the central question of housing, the White Paper is far from convincing. True, the right of housing association tenants to buy will not be applied in small villages, thus preserving a stock of social housing for the less well off. But this will have only a marginal impact on the availability of low-cost housing. So we are left with the intention to "produce a discussion paper on the options for accommodating necessary housing development". Given that the problem is what it has ever been – how to reconcile the need for new housing with the desire to avoid gobbling up more fields – this is a disappointing return on a year's work. No one can pretend that the politics of Nimbysism are easy, but Mr Gummer seems to have run from the fight. Until there is leadership on this point, any policy for regenerating our countryside will

## It's time to break the Bank

Now it is Singapore's turn to point the finger. The Bank of England's report in July on the collapse of Barings Bank blamed the rogue trader Nick Leeson, along with serious internal Barings management failures. The report produced for the Singapore authorities yesterday goes one step further by suggesting that particular individuals within Barings knew and tried to hide what was going on.

It is gripping stuff, but the central public policy question remains the same: does Britain have the best possible arrangements for supervising its banks? It has to be recognised that no system will be flawless. A clever fraudster will always be able to find a loophole and, given the speed of modern financial transactions, big sums can vanish before the hole is sealed.

The challenge is to mitigate the damage and prevent crime or incompetence in one area of the financial markets infecting everything else. If London is to continue to thrive as a centre of international finance, it needs a regulatory regime which is clever, fast-moving and effective, one which is neither too light nor too heavy. It must, in short, inspire confidence.

The Bank and the Chancellor argue that things are just fine as they are. They are wrong. The time has come to tell the Bank that it should concentrate on the vital task of safeguarding the value of our money, rather than running around worrying about phantom derivatives accounts in overseas branches of London investment banks.

The most persuasive argument for

change is that the Bank's credibility is unavoidably damaged when it fails to spot a Barings or a BCCI. You would not catch the Bundesbank with this kind of mud on its hands. Also, these days, it does not make sense to have separate regulators for what are, in effect, different kinds of banks – namely building societies and securities dealers.

Ken and Eddie argue that this would be no more than shifting the furniture: the same people would do the supervisory job, just under a different name. Even if this were true, and there is no reason why it should be, clarifying the purpose and structure of an organisation – especially a public organisation – is always a good thing. It increases transparency, and helps everyone else to work out exactly who is responsible.

A better argument is that the Bank's monetary managers would continue to need to know almost as much as the supervisors about what is going on in the banking world, because they need to track how much money banks are lending. Also, a big bank in trouble represents trouble for the whole economy, not just the institution and its customers. In a real crisis, it would still be the Bank's lifeboat sailing to the rescue.

None of these, however, are large difficulties. They have been dealt with satisfactorily in numerous other countries. It is time for the Government to recognise that the merits of creating separate, credible and well-focused institutions outweigh the costs of change.

ANOTHER VIEW Kit Chalcraft

## Priests for the people

The almost liturgical response of the Bishop of Norwich to my third marriage and subsequent dismissal is that "the matter is closed", or that "a line can be drawn under this sad episode". He said it when he dismissed me a year ago, he said it to my churchwardens on the only occasion that he agreed to speak to them nine months ago, and his spokesman said it at the conclusion of Monday's industrial tribunal. I may be forgiven for saying that he is wrong. The saga that followed my dismissal as priest-in-charge of the Hilborough group of churches will continue because the church is in need of reform.

It is one thing to conclude – as the tribunal did – that a clergyman is not an employee, and therefore not subject to secular employment laws, but much harder to say what he actually is. As a result of the present climate of change we find ourselves with a two-tier system of parish priests. These are firstly the possessors of freeholds, that is vicars or rectors, and secondly those with no security at all, namely priests-in-charge.

Both categories do the same work for the same money, but their job protection bears no resemblance. Whereas it is extremely difficult to remove vicars or rectors from their jobs, a priest-in-charge is dismissible on the say-so of his bishop. He can become one of the church's many casualties who have either been sacked or, more insidiously, "made to resign". I have sought to highlight this anomaly, and the plight of those outcasts for whom there

is no safety net. I did not seek reinstatement or financial reward and was not concerned with winning or losing.

With dwindling church commissioners' funds prioritised for clergy pensions, local congregations must pay more towards their parsons. They should have more say in appointing them in the first place instead of, as was the case in Norfolk, having them foisted on them against their wishes.

The present policy of adding more and more parishes to fewer and fewer clergy, while charging ever-increasing sums in the form of the quota or parish share – polite terms for a church tax – is counterproductive. It stifles people's involvement, causing indignation and discouragement.

The way to motivate our small rural parishes is for those in authority to say: "If you can find someone acceptable to act as your priest whom you can afford to support, we'll train him and provide the spiritual back-up needed." This system worked well in the days of the early church and could do so again.

Today there are competent Christians willing to play an active role in their local church affairs. It is time that the church involved its people responsibly. A remote, centralised authority pontificating from afar and not giving proper consideration to those it affects is no longer acceptable.

The writer is former priest-in-charge of the Hilborough group of 10 churches near Swaffham, Norfolk.

## THE GLOBE



'You scratch my card and I'll scratch yours'

## LETTERS TO THE EDITOR

### Who takes the blame for prison problems?

From Ms Elizabeth Symons  
Sir: Your leading article "Howard escapes justice again" (17 October) states that "no one who reads this report will doubt that his [Derek Lewis's] resignation is appropriate".

Derek Lewis did not resign, he was summarily dismissed by the Home Secretary. Mr Lewis refused to take the "amicable" option offered to him by the Home Secretary the previous day of shouldering the blame for the ills that have plagued the Prison Service for many years before Mr Lewis took up appointment in January 1993. He had made it clear that he agreed with many of the criticisms in the Leamont report, and that the Prison Service is only part of the way through the painful transition to a modern, disciplined, effective and efficient organisation performing its tasks on a consistently reliable basis. His task has been made no easier by three different prison ministers in as many years.

Perhaps if the Home Secretary had listened to Mr Lewis's defence of his position, the sense of outrage at his dismissal would be lessened. As it is, before yesterday, he was vouchsafed only two meetings with Mr Howard, totalling less than 45 minutes, to discuss the extensive material he had produced for the Home Secretary.

We have noticed with interest

the "sources" quoted by Heather Mills ("Howard fires prison chief over debacle", 17 October) who say that Mr Lewis failed to act on specific warnings about poor security at Parkhurst following Judge Stephen Timmins's report.

Mr Lewis acted on Judge Timmins's criticisms the day they were received, and reported his actions to the Home Secretary, who expressed satisfaction with the immediate action taken by Mr Lewis – a point he would have made to the Home Secretary had he been afforded the opportunity to.

Yours sincerely,  
ELIZABETH SYMONS  
General Secretary  
FIDA: The Association of First Division Civil Servants  
London, SW1  
17 October

From Mr Stephen Shaw  
Sir: As you suggest, Derek Lewis's record as director general of the Prison Service is one of considerable achievement. Contrary to the public image, performance has improved in many areas, and Mr Lewis has given highly visible leadership.

Although the Prison Reform Trust did not agree with everything he did, Mr Lewis's problems were not, in the main, of his own making. He was unlucky to preside over the prisons at a time when the population

increased by a quarter. And he could not be blamed if Michael Howard's obsessive interference in the work of the Prison Service made a mockery of its status as a Next Steps agency.

Although it is difficult to see that Mr Lewis could continue in post once he had lost the Home Secretary's confidence, the peremptory way in which he has been treated is poor reward for a decent man doing a decent job.

Yours faithfully,  
STEPHEN SHAW  
Prison Reform Trust  
London, EC1  
17 October

From Mr R. W. Powell  
Sir: Could the Home Secretary give us an example of a "policy decision" taken by him, in which there was at least the possibility of it turning out badly?

Having overall responsibility for policy seems to have meant no more than saying to Derek Lewis something along the lines of: "I want fewer escapes, less drug-taking, no riots at all, if possible. See what you can do."

As policy this is admirable. It has the further advantage of leaving the Home Secretary completely fireproof if anything goes wrong.

Yours faithfully,  
R. W. POWELL  
Newbury, Berkshire  
17 October

### Better information on IVF

From Mrs Ruth Deech  
Sir: You rightly state ("A league table too far", 12 October) that the Human Fertilisation and Embryology Authority statistical report of *in vitro* fertilisation and donor insemination clinics' live birth rates should be handled with caution. That is precisely why we have published them only as part of a *Patient's Guide* giving other relevant advice and information.

You suggest that there are three problems. First, you state that some clinics are too small for data to be reliable, yet the margin for error shown in the *Guide* deals with this. Patients ask for information, and we would rather give it than withhold it. We should not assume that patients cannot comprehend some elements of the data, and omission would not help them to reach better decisions.

Second, the information is not out of date. It includes live births up to the end of 1994. It is not practicable to report any more recent validated data, simply because the time taken to treat and then report the outcome amounts to at least a year. Nevertheless the *Guide* states that live birth rates change, and it urges patients to ask clinics about their current pregnancy rates.

Third, research and new treatments will not be adversely affected. Any small effects envisaged in the context of pre-implantation genetic diagnosis, for example, would be compensated for in the way we present the data. This has been the subject of discussion during our consultation process. Our policy is to encourage and facilitate research that will improve treatment.

We are responding to a clear need for good, accurate, usable information. It is not surprising

that in a new venture such as this some clinics will be wary of the methods used. However, we and practitioners know that patients want better information than they have been getting up until now. That is what we are providing, and I am sure that we can continue to work together to this end.

Yours sincerely,  
RUTH DEECH  
Chairman  
Human Fertilisation & Embryology Authority  
London, E1  
12 October

From Professor Robert Winston  
Sir: So, unbelievably, yet another IVF unit has recently opened in London. I did not refer to my colleagues at the Chelsea and Westminster Hospital in my article ("NHS patients deserve the best", 6 October), but they make my point so eloquently (Letters, 11 October).

What utter foolishness for the hard-pressed NHS to further duplicate resources. This means extra salaries for at least two more embryologists, four nursing staff, more medical registrars, secretaries and counsellors, as well as paying the expenses for using several hundred square metres of space in central London. All this wastage when just a few miles away, with good public transport and excellent parking, there is a world-class unit with a less than five-month NHS waiting list and capacity to take any patients my colleagues care to send to it.

Yours sincerely,  
ROBERT WINSTON  
Institute of Obstetrics and Gynaecology  
Hammersmith Hospital  
London, W12  
12 October

### Bunny peculiar

From Mr Derek P. Mitchell  
Sir: With regard to your article about the fate of rabbits on the Isle of Man ("A tale of Flopsy, Mopsy and public enemy No 1", 13 October), the disappearance of the old Rangoon Corporation following the Japanese invasion and occupation of Burma in 1942 and its replacement by a military administration was not a change for the better.

One consequence was an increase in the rat population to a dangerous level. The Japanese issued an edict requiring every head of household each week to bring in a specified number of rat-tails to the local centre. The penalty for defaulting was to be taken by truck, along with all those fellow citizens who also had failed in their civic duty, to a dropping-off point near the old Mingladon airfield, about 15 miles away, and left to walk back.

### Do it matter?

From Dr Meridel Holland  
Sir: There is a real difference between time-honoured and charming dialect usage, as valued by Pam Ayres (Another View, 13 October) and many others, and the creeping bane of the new illiteracy. Forms such as "should of", "might of went", beloved of the nation's youth, do not yet appear in print.

It is possible that we are living in an age of transition, after which the new illiteracy will

have turned into the time-honoured: after all, modern French no doubt developed from a Latin that would have made Cicero turn in his grave. During the transitional era, however, there is bound to be protest as long as there are those who care about the standard spoken and written language, and who believe that their protests will make a difference.

Yours faithfully,  
MERIDEL HOLLAND  
Hitchin, Hertfordshire  
13 October

### Operatic snobbery

From Miss Marjorie Dawson  
Sir: As a member of the working class, I resent Terry Dick's imputation that I am an "arty-farty" type who indulges in "corporate entertaining" (report, 16 October). Classical music and theatre are my interests, and I rejoice that some of my £1-a-week lottery ticket goes to the arts. I attend the Royal Opera House, in the (very) cheap seats, English National Opera (ditto), and various concert halls and theatres. Without them my working-class life would be desperately impoverished.

I, conversely, do not see with vicerous resentment at the money that goes to sport and to charities, when their turn for allocation of lottery money comes around.

Yours faithfully,  
MARJORIE DAWSON  
London, E17

From Mr Jeremy Blackall  
Sir: Andrew Gumbel's attack on Luciano Pavarotti demonstrates exactly the sort of damaging snobbery that erects barriers between what is perceived as "high art" and more popular culture ("Dear Luciano Pavarotti", 16 October).

The public consumption of art in all its forms is largely personality driven; everybody loves a star and, be it Austen, Berlioz or Cézaré, it is the people as much as the product that makes the work vital and significant.

Pavarotti's combination of talent and charisma has won a huge new audience for opera, which can no longer claim to be the preserve of the elite. If housewives think "Nessun Dorma" is the soundtrack to a football match, so what? Do we all have to be flunkies in Italian to be moved by great music? The potency of music is the issue, be it cheap or expensive.

Yours,  
JEREMY BLACKALL  
London, E8

### Death by gloves

From Mr James Mahoney  
Sir: In 1889 Aeneas Murphy, a navy man from County Mayo who for 40 years had "made a bit on the side" in Liverpool and London as a bare-knuckle fighter died of a heart attack shortly after his last contest in a St John's Wood field.

Murphy, my grandmother's grandfather, was 65; he should not have been boxing. However, deaths were unheard of and brain damage uncommon in the days before fists were protected by padded gloves, because no man could land heavy punches round after round without breaking the bones of his hands.

Today's professional boxers are fitter than fighters have ever been, with the strength and stamina to mount and sustain the most aggressive attacks; but as the tragic cases of Michael Watson, Bradley Stone, Gerald McClellan, and now Jim Murray demonstrate, no amount of training can reduce the vulnerability of the human brain to repeated heavy blows.

If licensed boxing is to survive in Britain into the 21st century, and not simply go underground or move to countries where supervision may be less strict, there will need to be changes to the Queensberry and Chambers rules. Though it would inevitably lead to bloodier and shorter contests, the authorities must consider discarding the six-ounce gloves.

Yours faithfully,  
JAMES MAHONEY  
London, NW6  
16 October

Letters should be addressed to Letters to the Editor, The Independent, One Canada Square, Canary Wharf, London E14 5DL and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

### The status quo vs justice for gays

From Mr Antony Grey  
Sir: Like all temperamental conservatives, Bryan Appleyard deplores the intrusion of politics into essentially personal aspects of life ("Kiss goodbye to gay politics", 11 October). So do I – but for different reasons.

While Mr Appleyard and his ilk customarily regard any prevailing status quo (however inequitable) as "non-political", I look upon their refusal to recognise injustices, and the consequent need for change, as the catalyst that makes the radical sexual politics of feminism and of gay rights inevitable.

Genuine depoliticisation of homosexuality must entail a drastic shift in attitudes, and a sincere desire to reach a lasting, socially just solution. Any such desire is still glaringly lacking on the part of those whom Andrew Sullivan in his new book dubs the "prohibitionists" and the "conservatives", so that the stridency of some gay campaigners that so irks Mr Appleyard is no surprise to me.

That is why Mr Sullivan's proposed solutions, regardless of their merits, will remain so much pie in the sky for the foreseeable future. And it is also why "outing" – however much Bryan Appleyard loathes it – will increasingly come to be seen as a legitimate tool against oppression in cases of blatant hypocrisy by public figures.

I agree with Andrew Sullivan that, in these days, the "closet" is no fit place for any self-respecting gay or bisexual person to lurk in.

Yours faithfully,  
ANTHONY GREY  
London, NW2  
15 October

The writer was Secretary of the Homosexual Law Reform Society, 1963-70.



# comment

## Politicians are the true philistines

Large grants to the arts always provoke an outcry. But we should be wary of just who is complaining

Another shriek of horror went up from know-nothing newspapers and politicians on the announcement this week of £42m lottery arts money for London's Sadler's Wells dance house and the Globe Theatre. "It's Tutu Much!", said the *Sun*; "This money is going to arty-farty types" was from Terry Dicks, Conservative MP; and even "It makes me mad that the great and good push their interests" from the Labour MP Tony Banks. Here we go, here we go, art-phobia on the rampage. Britain's head-butting philistines make us look like the yob culture of Europe.

But is that what we are really like? True, the French and Germans traditionally spend more on arts. But the munificence of the lottery will soon change that. The fundamental difference has not been among the British people, but among the politicians. For their nefarious political ends both left and right have deliberately misrepresented the arts to the people.

Booming out its old-fashioned populist nostrils, the right tends to see the arts as a left-wing conspiracy of a perverted elite, while the left mocks most art grants as subsidising rich men's pleasures. Both sides in our destructively class-based political system mistake the central part that art plays in civic and national life.

Our monarchy, moreover, draws us back to a romanticised feudal history, a military pageant with the Royal Family usurping the place in our heritage that rightfully belongs to great architects, writers and artists. By contrast, politicians in countries with a republi-

can tradition have used their national culture as a binding force to create a sense of nationhood, in which literature, painting, theatre and architecture become symbols of pride for the citizenry, whether or not they participate.

In Australia, the Prime Minister, Paul Keating, preparing the way for a new republic, is using the arts to create a new sense of Australian identity. His Creative Nation Programme is setting up national arts academies, orchestras and galleries, believing that art and culture form the real life of a nation (and perhaps trying to live down Les Patterson, legendary Australian Cultural Attaché).

Now, apparently, Tony Blair is thinking of using the arts as a key part of his communitarian vision. In his party conference speech he mentioned literature, poetry and philosophy as part of what makes a nation and binds communities. But his commitment still looks absent-minded. Too many in Labour remain tempted by the sirens of cheap populism.

Yet back in Labour's early roots there was a deep respect for the arts. Culture was not regarded as elitist, but a joy denied to too many. The Workers' Educational Association, Ruskin College and countless early artistic groups thought making art and literature available to the people as important as bringing them health and education. Leading up to the 1964 election, a plethora of writers, painters and thinkers, urged on by Jenny Lee, who became minister for the arts, supported Labour, mingling closely with the politicians, adding idealistic lustre and philosophical calibre.



POLLY TOYNEE

But by the Seventies Labour had lost that vision of high art for everyone. Instead, a mindless lefty view of art-for-the-people often delivered bad art to tiny coteries of other lefties in small and dismal venues shunned by sensible people in favour of Hollywood movies in comfortable cinemas. Good art was for toffs, a self-filling dictum.

The Tories have never much liked the arts. The grandees only like it if they can buy it at Sotheby's, entertain the Japanese with it in boxes, or drink champagne in its intervals. Most of the non-grandees hate it all. Certainly a taste for the avant garde is not a Conservative value. Like most politicians, Mrs Thatcher was profoundly uninterested, either as a personal pleasure or as a part of national life. She saw the arts purely instrumentally, a useful tool to bring in the tourists (£2bn a year now).

In the past few years high art and mass culture have intervened themselves in surprising ways, breaking down barriers: the three tenors singing at a World Cup concert, Kiri Te Kanawa serenading rugby fans, mass opera in rock stadiums, or Thorville and

Dean dancing to Ravel. There is no longer such a chasm between art and popular culture, and Classic FM's success proves it.

All the evidence is that the anti-art loud-mouths are out of touch, and not only among the young. Outside the Commons on Monday angry pensioners lobbied their MPs to protest about the closure of Bart's hospital in London. One of them, from Chris Smith's Islington constituency, shouted out, on spotting him, a jubilant celebration of the Sadler's Wells grant, and added indignantly, "How dare they say it's just for toffs!"

The politicians are not solely to blame, however. In the past the cultured classes have contributed to Britain's apparent art-phobia. After the First World War the Bloomsbury group, led by Virginia Woolf and Lytton Strachey, set the tone for a frighteningly aloof and rebarbative arts establishment. Despising bourgeois values, their cultural snobbery damagingly encouraged middle England's view of itself as a sensible art-free zone. It wasn't what the Bloomsbury set actually wrote or painted, but the arrogant tilt of their noses that encouraged lesser mortals to think art was not for them, an attitude that lasted far too long.

The cobwebs of Bloomsbury began to be blown away in the Sixties, when pop culture mingled with other arts, and youth culture tore down the ivory towers. The lottery windfall comes at a time when local authorities at last have caught on to the popular mood and begun to appreciate the civic value of the arts. A random list: Bir-

ingham's new civic centre is enlivened with fountains and sculpture; Gateshead finds its mighty Claes Oldenberg bottle sculpture drawing people from all over Europe; Birmingham's hugely popular new concert hall is to be followed by another for Manchester. Recently the Tate Gallery had to close its doors on two ordinary Sundays, as so many people were trying to get in. The Tate's new South Bank development, the regeneration of the old South Bank Festival Hall complex, a major performing arts complex for Salford and an opera house for Cardiff will follow shortly, and all will be hugely popular.

The national curriculum now obliges schools to teach art and music not only as low-level kindergarten activities, but as a serious appreciation of the great works, too. The explosion of jobs in the arts and media is producing the young towards the arts. Lottery money is creating projects for our best architects, many of whom have had to do most of their finest work abroad until now, building other people's great national monuments. We have some of the best regarded young artists in Europe (including Damien Hirst). New York's *Vanity Fair* carries a 50-page feature celebrating British theatre this month.

So why this grudging spirit? If our engineers or manufacturers were as successful as our arts we would be trumpeting it across the world. And great artistic venues and monuments are things that bind cities and nations together in a national pride worth a lot more than Trooping the Colour.

## Howard blameless: true or false?

Today - a grand Michael Howard quiz! Yes, a chance to show just how much you know about the man who has been described variously as "possibly the present Home Secretary" and "a man with big glasses who looks not unlike Arthur Askey but isn't half as entertaining". Here we go then!

1. In what circumstances can you imagine Michael Howard actually taking the blame for anything?

2. Do you think Michael Howard would resign as Home Secretary if:

(a) He was asked to?

(b) A gun was put to his head and he was asked to?

(c) He became so old that he was in the job still after retirement age?

(d) He died?

3. Well, in what circumstances can you imagine him resigning, then?

4. Michael Howard is famous for saying that "prison works". What did he mean by that?

5. Did he mean that it was a deterrent, even though all available research shows the contrary, and even the Lord Chief Justice disagrees?

6. Did he mean that prisoners come out of prison fully determined to become company directors and never sin again?

7. Did he mean that he is going to lock up everyone in Britain who might possibly commit a crime, so that all potential criminals are behind bars (unless they escape)?

8. Or did he just think that if he shouted "Prison works!" at a Tory conference, he might get a cheer from people who didn't know what he meant, either?

9. During his stint as Home Secretary, Mr Howard has announced various multi-point plans for cracking down on crime and violence. How many points altogether have been promised by him? (a) 23 (b) 27 (c) 439 (d) 5,678,000

10. How many of these points has the Home Secretary actually implemented? (a) 1 (b) 0

11. If Michael Howard were driving down the street and saw a mugger attack a passer-by, what do you think his immediate course of action would be?

(a) He would personally intervene.

(b) He would personally ask his chauffeur to intervene.

(c) He would personally set up an independent inquiry into the incident that absolved him of any blame.

(d) He would lean out of the window and shout: "If you do that, you will go to prison for a very, very long time. So if I were you, I should think very seriously indeed about stopping now!"

(e) He would call a press

conference and say that although he personally regretted the incident very much, it was not a result of his policies in any way, so he felt so need to resign.

12. Can you think of anything bad that has been a result of his policies?

13. Can you think of anything at all that has been a result of his policies?

14. Would it be true to say that when things go wrong it is as a result of Michael Howard's underlings, but that when things go right it is always because of Michael Howard's policies?

15. When you catch sight of Michael Howard nodding and smiling on TV, what is your reaction?

(a) To nod sagely, saying half out loud: "There, if I am not much mistaken, goes our next prime minister."

(b) To switch off, crying: "Nobody believes a word you say, so why bother? And could



MILES KINGTON

Francis Fukuyama's new thesis goes a long way towards explaining the appeal of Louis Farrakhan

## Can we trust the men in suits?



Farrakhan looks to the Far East's economic successes and seeks their social cohesion for blacks. His solutions are a far cry from Luther King's Sixties liberalism

"The contemporary black underclass in America today represents what is perhaps one of the most thoroughly atomised societies that has existed in human history." So writes Francis Fukuyama in his new book *The Social Virtues and the Creation of Prosperity*, published this week. Also this week, 400,000 black men marched on Washington under the leadership of Louis Farrakhan. The quote and the march form a perfect and harmonious, though depressing counterpoint.

Fukuyama's book is about what he calls "social capital". This means the social, as opposed to merely economic, structures that make successful societies. Trust lies at the heart of these structures, since it smooths the operation of society, lowering transaction costs and encouraging the formation of large corporations, institutions and networks. Social capital precedes capitalism and, when capitalism emerges, softens its worst effects.

Japan, with its elaborate networks and conventions, provides the supreme contemporary model of high trust capitalism. Urban black America, with its guns, drugs and broken families, is the supreme contemporary model of the failure of trust.

Farrakhan has much in common with Fukuyama. He, too, sees the importance of social cohesion. He understands how badly the American blacks have performed in comparison with other ethnic minorities. Both men observe the success of the Koreans, the Japanese and the Chinese in America and then both ponder the catastrophic failure of the blacks to form businesses, law-abiding commu-

nities, stable families, workable lives. Fukuyama blames the deracinating effects of slavery; Farrakhan blames genocidal white racism.

Farrakhan's response is an intense conservatism. The suits and bow ties, the short hair, the demands that black men accept their family responsibility all represent an attempt to impose a viable social order on the chaos of the inner cities. They also represent a deliberate affront to liberalism and libertarianism.

Once Martin Luther King's civil rights movement could elide effortlessly into the anti-authoritarian politics of the Sixties. To support King's efforts to raise black consciousness was an essential part of the liberal-bippie package. But Farrakhan's version of black consciousness is nothing to do with sloppy liberalism, with its jeans and niceness, nor with libertarianism and its culture-dissolving free-for-all. He wants a culture, he wants suits, bow ties and a separate nation, a nation in which American blacks can, finally, establish their true racial supremacy. He wants a future that inverts the past: a future of neat blacks and messy whites.

This sort of nightmare has been afflicting American liberals rather a lot lately. Lee Kwan Yew, former prime minister of Singapore, has led an Asian challenge to the intellectual supremacy of the American liberal model. His clinically clean brand of authoritarian capitalism is held up as a reproof to the mess and decadence of American society. Asia, says Lee, doesn't need your rights and your perverse obsession with individual freedom; Asia has its own methods and these will, in time, defeat an atomised America.

One way or another, men in suits -



BRYAN APPEYARD

The bow ties, the short hair, are a deliberate affront to liberalism

orientals or blacks - are telling liberal Americans that they have got it wrong; that, in time, the suits will prevail. Liberals in their jeans lack the discipline to resist.

Both Lee Kwan Yew and Farrakhan are guilty of the most crass simplifications. Lee and the peripatetic Singaporean diplomats who propagate his gospel at conferences around the world say that America in particular and the West in general will destroy themselves because of their crippling burden of ultra-individualism. Individualistic societies will inevitably fragment under the burden of capitalism while Asian societies, with their group consciousness and willing submission to authority, will cohere all the more effectively.

Farrakhan insists that only by separating themselves from decadent, oppressive, white society can the blacks attain their promised land. The whites, the Jews in particular, are sim-

ply the genocidal oppressors. By imposing discipline and group consciousness the blacks can outflank the liberal whites.

But, as Fukuyama points out, an America of ultra-individualism is almost as much of an illusion as an Asia of solid group loyalty. American capitalism was founded on the group consciousness of protestantism and the abilities to associate and submit to corporate authority. Both IBM and Microsoft would have been unthinkable if American really was an individualistic as the Singaporeans claim.

Equally, Chinese-based societies do not have the group mentality of the Japanese. They are family-centred and trust is, in the main, only extended through kinship. They may, for the moment, thrive. But can they form large, stable, modern corporations and institutions? Nobody yet knows.

But what about Farrakhan and the blacks he aspires to lead? This is, in many ways, the big question, the question that comes prior to America's ability to compete with the East. Namely, can America sustain a stable, ethnically plural society when a large proportion of that society - the blacks - is falling to integrate and, in defiance, identifying itself as outcast? If the answer is no, then booming Asian capitalism is the least of America's problems.

Clearly the Farrakhan solution is the worst possible. A black nation constructed on his principles would be a fantasy land, a hard-line Islamic dictatorship, Iran without the oil or the political sophistication. But, equally clearly, there is something about such racial extremism that works in America. American politics, probably because of the excessive legalism of

the society, are absolutist. Extremism and simplification, frequently from ethnic minorities beyond the reach of liberal criticism, are accepted and celebrated. If you have a strong, simple point, you will be on television and, if you are on television, you have a constituency.

This is the real problem. Farrakhan and his sinister, shaded henchmen only exist as a political force because of the American need for strong, simple images and strong, simple solutions. They are a symptom of the corrosion of sophistication in American politics. In Fukuyama's terms they are a symptom of the loss of trust, the destruction of social capital. If America persists in such confrontations, based on the airless, legalistic language of rights or the bitter tribalism of race, then there is no hope. Farrakhan may as well have his nation and QJ Simpson will be forever innocent "because" of white racism.

Can the Americans escape from these increasingly crude confrontations and, then, of course, can we? Fukuyama says "social capital" is like a ratchet that is more easily turned in one direction than another. In other words: it is easier to lose trust than to rebuild it. Farrakhan is the omen of a trustless world that must fall back on crude tribalism. On Broadwater Farm our own Wayne X apes this grim prophet, happily with little success. But there is still time and any number of baffled, British liberals ready to forgive the unforgivable merely because it is black and even though it wears a suit.

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by Tony Reeve and Steve Way

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MARKET SUMMARY

STOCK MARKETS

FT-SE 100

3610

3570

3530

3490

3450

3410

W

T

F

T

W

T

F

T

W

Dow Jones\*

8820

8780

8740

8700

8660

8620

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T

F

T

W

T

F

T

W

Nikkei

19400

19000

18600

18200

17800

17400

17000

W

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W

Index

Close

Day's change

Change(%)

12 Mth High

12 Mth Low

Yield(%)

FTSE 100

3562.2

+4.9

+0.1

3570.8

2943.4

4.0

FTSE 250

3936.9

-2.1

-0.1

3991.3

3300.9

3.5

FTSE 350

1773.0

+1.7

+0.1

1778.3

1477.0

3.8

FT Small Cap

1964.5

+0.4

+0.0

1993.1

1678.8

3.3

FT All-Share

1751.3

+1.6

+0.1

1797.6

1485.2

3.8

New York\*

4793.4

+9.0

+0.2

4801.8

3674.8

2.4

Tokyo

17916.6

-99.8

-0.6

19922.4

14485.4

0.8

Hong Kong

10032.9

+23.7

+0.2

10032.9

9997.9

3.2

Frankfurt

2201.0

+9.6

+0.4

2317.0

1911.0

2.0

Paris

1779.7

-10.8

-0.6

2017.3

1721.8

3.8

Milan

9238.0

-100.0

-1.1

10911.0

9238.0

2.1

\*Dow Jones at 1590 hours. Dow Jones graph at 1300 hours

MAIN PRICE CHANGES

FTSE 350 companies (excluding investment trusts)

Rises

Price(%)

Change(%)

%Change

Falls

Price(%)

Change(%)

%Change

British Gas

254

11.5

4.7

Tratagar House

28.5

3.5

13.0

Dorling Kinder

524

30

4.0

Stakes

78

3

3.7

Babcock Int'l

186

6

3.4

Wills Coroon

125

4

3.1

SKC

291

9

3.2

Wicks

128

4

3.0

GRE

234

7

3.1

Wimpy (George)

104

3

2.8

INTEREST RATES

Short sterling\*

6 Mth

8.50

8.50

7.25

12 Mth

8.75

8.75

7.00

18 Mth

8.75

8.75

7.00

24 Mth

8.75

8.75

7.00

30 Mth

8.75

8.75

7.00

UK medium gilt\*

6 Mth

8.25

8.25

7.00

12 Mth

8.25

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18 Mth

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7.00

24 Mth

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7.00

30 Mth

8.25

8.25

7.00

US long bond

6 Mth

7.25

7.25

7.00

12 Mth

7.25

7.25

7.00

18 Mth

7.25

7.25

7.00

24 Mth

7.25

7.25

7.00

30 Mth

7.25

7.25

7.00

\*Life December futures contract

Futures (p. 2009)

Money Market Rates

Index

1 Month

3 Month

6 Month

9 Month

12 Month

0% Year

Year Ago

UK

6.89

6.91

8.11

8.48

8.28

8.34

US

5.75

5.75

5.96

7.61

8.32

7.83

Japan

0.34

0.31

2.63

4.63

3.55

5.01

Germany

4.06

4.00

5.54

7.34

7.18

7.72

\*Benchmark indices

CURRENCIES

£/\$

1.59

1.58

1.57

1.56

1.55

1.54

1.53

1.52

W

T

F

T

W

T

F

T

W

£/DM

2.31

2.29

2.27

2.25

2.23

2.21

2.19

2.17

W

T

F

T

W

T

F

T

W

£/¥

162.0

161.0

160.0

159.0

158.0

157.0

156.0

155.0

W

T

F

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W

T

F

T

W

Pound

Yesterday

Change

Year Ago

Dollar

Yesterday

Change

Year Ago

\$ (London)

1.5742

-0.15

1.6074

£ (London)

0.6362

+0.06

0.6221

\$ (New York\*)

1.5745

+0.05c

-

£ (New York)

0.6351

-0.02

-

DM (London)

2.2276

-0.089p

2.4168

DM (London)

1.4167

-0.42p

1.5035

Yen (London)

156.14

+0.14

157.28

Yen (London)

107.37

+0.11

97.85

\$ Index

84.2

-0.1

88.5

\$ Index

92.7

unch

9.4

\*New York rates and Brent December at 1500 hours

OTHER INDICATORS

Yesterday

Day's chg

Year Ago

Index

Label

12 Mth

Real Flg

Oil Brent \$

16.14

+0.01

15.94

RPI

150.6

3.9pc

2.4

-

Gold \$

383.50

-0.50

389.20

GDP

-2.8pc

4.1

23 Oct

-

Gold £

243.62

-0.08

242.13

Base Rates

-

6.75pc

5.25

-

Source: Datastream

Source: Datastream

## IN BRIEF

### 3,000 new jobs for Rosyth

Thousands of new jobs will be created at the Rosyth naval base - across the Forth from Edinburgh - over the next five years, the prospective new owners announced last night. The Rosyth 2000 consortium, preferred bidders when the Royal Navy leaves next March, said between 3,000 and 5,000 jobs would be created. The consortium of Bank of Scotland, Scottish Power, Forth Ports and Babcock International, which operates the adjoining dockyard, was chosen from four bids. It is understood Rosyth 2000 did not make the highest financial offer but the Government was swayed by the number of jobs which would be created through operating Rosyth as a commercial port and building an industrial park.

### Still in the dark at GEC

Investors in GEC remained in the dark about management changes at the company after what is thought to have been a stormy board meeting yesterday. In a terse statement GEC said a shortlist of candidates to replace Lord Weinstock was disclosed and a final decision could not be expected before next Spring. GEC refused to answer questions about the fate of Richard Reynolds, the GEC director whose future is in doubt after he criticised the way the succession process was being handled.

### US industrial production falls

US industrial production fell by 0.2 per cent in September, after a big rise of 1.1 per cent the previous month. A small fall had been expected due to a drop in energy demand after the end of the summer heatwave. Industrial output climbed 3.5 per cent in the third quarter, having fallen 2.3 per cent in the second quarter. Analysts said the figures provided more evidence of a soft landing for the economy.

### C&W confirms Siemens deal

Cable & Wireless confirmed the planned sale of 75 per cent of Mercury's customer equipment subsidiary to Siemens of Germany. The disposal of the equipment arm, which had a turnover of £97m last year, is one of the final stages of the reorganisation of Mercury announced nine months ago, which included the sale of the payphones business to an Italian firm.

### Liquid Temazepam on the way

The UK arm of Pharmacia, the Scandinavian drugs group, said it had been developing an oral liquid version of Temazepam in anticipation of yesterday's UK ban on the drug in capsule form. Health minister Stephen Dorrell said he would ban Temazepam from 1 January because it had been misused.

The drug was developed by American Home Products Corporation and is manufactured in the UK by AHP's Wyeth Pharmaceuticals division. The news came as Upjohn announced its shareholders had overwhelmingly approved the merger with Pharmacia.

### Vauxhall unions reject pay offer

Unions at Vauxhall's Luton and Ellesmere Port car plants are to vote on industrial action after rejecting a two-year pay offer. 3.5 per cent in the first year plus an extra day's holiday and access to a car leasing plan, then a wage rise equal to inflation in the second year. The unions have demanded a two-hour cut in the working week, a £20-a-week rise across the board in year one and a £10 increase in year two.

## Boardroom shake-up: McGrath wins two-man race for chief executive post

# Loser in battle for Grand Met top job could net £1m

NIGEL COPE

Grand Metropolitan, the food and drinks giant, yesterday announced a major boardroom shake-up which saw the abrupt departure of a senior director with a payoff that could come close to £1m.

The move immediately re-ignited controversy over inflated levels of boardroom pay. The fight for the top chief executive's job came down to a two-man race. The winner was John McGrath, chairman of the group's vital IDV drinks division.

The loser, David Nash, chief executive of the company's food sector, will now leave the company with compensation of £790,000, qualify for his bonus payable for the year to September and can cash in share options. The final total is likely to be in excess of £1m. Triggering the change was the news that the chief executive, George Bull, will take over as chairman when Lord Sheppard steps down as chairman of the Burger King and Haagen-Dazs group next March.

Mr Nash's compensation was immediately criticised by both Labour and in the City. One analyst who viewed the payoff as excessive said: "It seems a fat pile of cash for someone who is resigning."

There were also comparisons made between the near £1m pay-off and the £1 an hour wage paid to a Burger King employee earlier this year.

Mr Bull defended the compensation saying: "David Nash is not a 17-year-old looking for a bit of casual labour. He is a very skilled and talented executive." He added that under a re-structure which will also see removal of eight other jobs in Mr Nash's division, his job had ceased to exist.



Making merry: John McGrath (left), and George Bull, currently Grand Met's chief executive. Photograph: Financial Times

Mr McGrath said Mr Nash deserved the bonus payments for his work at the company's food business during the past year, during which he has engineered the company's £1.7bn acquisition of the US foods business Pet in January, and taken responsibility for the Burger King chain after the sudden departure of its chief executive in the same month.

Grand Met shares closed 6p down at 451p, valuing the company at £9.43bn. However, Mr McGrath's appointment was greeted with a largely positive response in the City.

One drinks industry analyst said: "He is a bit more aware of shareholder value than others in that seat have been. He is a bit more hands-on and aware of the strategic issues and is con-

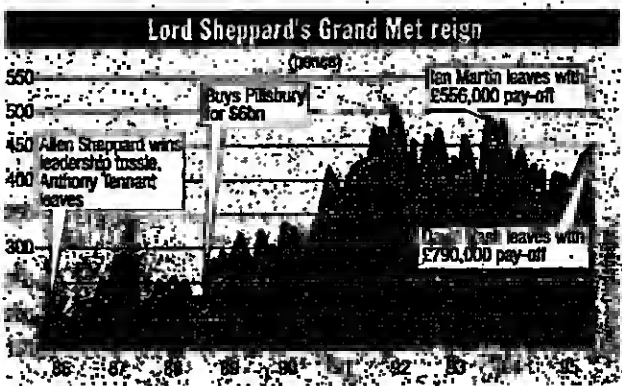
sensual rather than dictatorial." However, some observers feel Grand Met's failure to appoint any fresh blood from outside the company would count against it among institutional investors. One said: "A number

of large institutions do not hold Grand Met shares because of their view of the management. That is unlikely to change as there are no new faces. There is also promotion for Paul Walsh, the 40-year-old

chief executive of the US Pillsbury division. He joins the board today and will take control of Grand Met's European food operations. Bob Lowes will continue as chief executive of Burger King reporting directly to the new chief executive.

Mr Walsh is highly regarded in the City and according to some industry observers, his elevation and relative youth gives him the look of their apparent.

Mr Bull offered little fresh information on the future strategy of the group. He denied widespread speculation that Burger King might be sold and said that future expansion of the chain lay in the United States where the business is performing well. He dismissed speculation that the company was a candidate for a break-up bid.



## PSBR blow to Chancellor's tax hopes

PAUL WALLACE  
Economics Editor

Kenneth Clarke's hopes of delivering a credible tax-cutting budget were dealt a severe blow yesterday with figures showing an increase in the Public Sector Borrowing Requirement in the first six months of the financial year compared with 1994-95.

The September PSBR was £3.7bn, taking the total in the first half of the financial year to £20.4bn, £300m more than in the first six months of 1994/95. The underlying PSBR, excluding privatisation proceeds, has fallen by £2bn over the same period - but privatisation revenues are forecast by the Treasury at only £3bn, compared with £6.5bn last year.

"The Tories have broken their promises on tax and public spending and now they are breaking them on borrowing too," said Andrew Smith, Shadow Chief Secretary. The Treasury acknowledged that the outlook so far was not as had been hoped, but maintained that the deficit was still on a downward trend, with several months of heavy tax receipts ahead.

"The Chancellor will be reliant on spending cuts and are emphasising on eliminating the deficit over the longer term to justify any tax cuts," said David Hillier, UK economist at

NatWest Markets. "The PSBR is on the disappointing side of expectations again," commented Helen MacFarlane, economist at Hoare Govett, "but this won't necessarily stop the Chancellor using his ingenuity to cut personal taxes next year." She added that such taxes "may well be accompanied by higher taxes elsewhere, in particular in the corporate sector."

Revenues, particularly from corporation tax, are expected to pick up in the second half of the financial year. But many City forecasters now project a PSBR close to last year's outturn of £35.9bn. For example, Salomon Brothers, has lifted its forecast from £28.5bn to £30bn.

One reason for the overshoot has been a swing in the local authorities borrowing requirement of £1.4bn in the first half of the year compared with the same period in 1994/95. "The most likely explanation is that local authorities are spending above target," said Michael Saunders, economist at Salomon Brothers.

Central government departmental outlays grew 3 per cent in the six months to September compared with 1994-95, which is less than the 3.5 per cent forecast by the Treasury in June. Interest payments were also in line with Treasury projections.

The problem has arisen principally on the revenue side of

the accounts. Inland Revenue receipts were 9.5 per cent higher than in 1994/95, with income tax revenue up by about 8 per cent and corporation tax up by 17 per cent.

In June, the Treasury forecast that Inland Revenue receipts would rise 15 per cent in a full year, with income tax climbing 9.4 per cent and corporation tax by 35 per cent.

Customs & Excise revenue rose by 7.5 per cent in the first half, compared with a forecast for the year of 9.7 per cent.

## Lotus car group sues former directors

RUSSELL HOTTEN

Group Lotus, the UK sports car maker, yesterday issued writs against two former directors in a bid to recover several hundred thousand pounds.

The company alleges that Adrian Palmer, formerly managing director, and Andrew Tempest, ex-finance director, were behind unauthorised payments and expenses claims.

Both men were dismissed abruptly in August by Romano Artioli, head of Lotus's owner Bugatti, and have been consulting lawyers about launching claims for unfair dismissal of about £500,000 each.

A firm of forensic account-

ants, Lee and Allen, was asked to sift through the Norfolk-based company's accounts. Yesterday, Lotus would only confirm that a writ had been issued for "several hundred thousand pounds".

Neither Mr Palmer nor Mr Tempest could be contacted yesterday and the pair's solicitors, Titmuss Sainer Dechert, were not returning telephone calls.

Last month, however, Mr Palmer told *Autocar* magazine: "Neither Andy Tempest nor I know why we were dismissed." He said attempts to negotiate compensation with Mr Artioli were rejected.

Bugatti is trying to head off

bankruptcy through a financial reconstruction. According to one survival plan, a group of financiers has offered to invest around £40m in Bugatti in return for a large stake in the company.

While Lotus is said to remain financially strong and untroubled by the financial problems at Bugatti, the affair has overshadowed developments at the UK company.

Bugatti is said to owe up to £50m to 20 creditors. The new problems came at a time when Lotus is due to unveil its new £20,000 mid-engined sports car, the Elise, at the London Motor Show this week. Mr Tempest and Mr

Palmer were widely credited as having turned around Lotus, bought by Bugatti from General Motors in 1993. The company returned to profit last year, and has revamped its model range.

Sales of the Lotus Elise are up by 13 per cent to 450 and more than £2.5m of orders have been taken for the Elise. Lotus says the £3.5m invested in its Norfolk facilities has come from its own resources, and that it could survive without the Italian backing.

Lotus has appointed former Ford special vehicles chief Rod Mansfield as its new managing director. Neeraj Kapur has taken over as finance director.

## Investment banking: \$135m deal nets



# Questions hanging over role of the regulators



**COMMENT**

"If they cannot co-operate even on a simple inquest, you have to wonder what prospect there is preventing another Barings"

The Bank of England and the Singapore authorities have spent months churning mud at each other, complaining about how little co-operation they received in their respective Barings investigations. Yesterday it emerged that relations between the two were not just bad but scandalously awful, involving at one stage court orders and seizures of transcripts of interviews carried out by the Singapore authorities in London.

If this is how the policemen conduct themselves, what hope is there that they will be any more successful in crime prevention next time round?

"For the limited assistance rendered to us by the Board (of banking supervision) we are grateful," say the Singapore inspectors, in a backhanded wallop of a tribute to the Bank of England's clearly less than generous assistance. For its part, the Board complained in its report in the summer that it had been unable to talk to the Singapore Monetary Exchange or look at its files and had to rely on a brochure for some of its information.

Taken on their own, each side's explanation of why co-operation was so poor probably makes some sort of sense. The Bank of England was caught up in the tentacles of the Banking Act 1987, which has some tough clauses aimed at maintaining confidentiality. For its part, Singapore clearly felt the Bank failed to move rapidly or effectively enough through local courts to secure access to documents in the Far East. The dispute degenerated quickly into a tit-for-tat row.

The two reports are clearly the worse for it, since neither gives the whole picture. That, unfortunately, remains deeply confused.

If regulators cannot co-operate even on an inquest, you have to wonder what prospect there is of preventing another Barings - or for that matter a Daiwa, where there was a yawning communications gulf between the US and Japanese authorities. Regulators will tell anybody who cares to listen that one of the best prophylactics for unwanted financial disasters is better co-operation between the national organisations responsible. Judged on the record so far, pigs might fly.

The Singapore version of events has to be read with circumspection. As a relatively new financial centre, the last thing the Singapore financial establishment wants is to sully its reputation if there is any possibility of blaming London. Nevertheless, the Singapore report does put a new perspective on what happened, alleging a blatant cover-up in London. By contrast, the Bank of England report went no further than suggesting culpable ignorance on a grand scale.

If the Singapore version is right, it deepens the mystery of why the UK authorities are so desperately reluctant to see any aspect of the case reach the UK courts. More significantly, it reopens questions never satisfactorily answered in the Board of Banking Supervision report about the extent of the Bank's culpability. The Singapore report claims that as late as February Barings could

have averted collapse. The critical mistakes, or oversights, occurred in January.

The Barings management had long had an informal concession from the Bank of England that allowed them to risk more than 25 per cent of their bank's capital on Nick Leeson's activities. As we now know, the Bank became increasingly concerned about this. During January, there were serious discussions at a senior level within the Bank of England about why Barings had been allowed to exceed this crucial limit. Plainly, if more forceful action had been taken then the outcome might have been very different. In the event, the discussions led to a letter from the Bank on 1 February withdrawing the informal concession, but giving Barings time to come into line.

When it took this decision, the Bank already had evidence that in the last three months of 1994 Barings's exposure had exceeded 75 per cent of its capital, evidence which "did not evoke a strong reaction either from the Bank of England or Barings Group's senior management," according to the Singapore version.

The main blame for this lamentable episode clearly lies with Nick Leeson and the Barings management, of that there can be no question. Nonetheless, there are still big questions still to be answered by the Bank of England and other regulators. The Bank of England's own report failed to clear the air, indeed it only reinforced the suspicion of cover up. The Singapore report, suspect

though it may be, adds further to those suspicions. This is an inquiry that needs to be reopened.

## Another Grand Met golden handshake

Not much changes at Grand Metropolitan. Another day, another re-structuring, another director walks away with a thumping big pay-off. Shareholders might wonder for whose benefit this company is run; then or the directors. The good news yesterday was that Grand Met has finally resolved the succession question (in contrast to GEC which seems as far from a solution as ever) with George Bull moving up to replace Lord Sheppard as chairman. John McGrath takes the chief executive's slot. The bad news is that it involves the usual high level casualty, with shareholders picking up the tab.

Grand Met seems incapable of managing a succession without a generous cheque for a departing director. In most organisations, those who are passed over for promotion either have to jump it or leave. Not apparently so at Grand Met. Once on the moving escalator, it's win, win, win: the top job or the redundancy cheque. The last 20 years have seen four head-to-head battles for chief executive. This time it is David Nash who has lost out, so off he goes with £800,000 in his pocket. Two years ago George Bull won the

scrap for the post. Off went Ian Martin, the other contender, with a not dissimilar harrow-load of money. He is now chief executive of Unigate.

Though Mr McGrath seems a popular choice in the City, the shake-up involves the usual disruptive management tinkering lower down. This can hardly be right for a company still attempting to digest January's £1.7bn acquisition of Pet, the US foods company. Nor do the latest changes answer any of the strategic question marks still hanging over Grand Met. Management insists that Burger King is not for sale, even though the fast food chain appears out on a limb in the company's brand portfolio. The Pearl opticians division will surely be sold as soon as it makes enough money to attract a buyer. Haagen-Dazs is still not breaking even and the European foods business is struggling. Doubts about Grand Met's ability to manage organic growth in the foods remain.

Meanwhile, the company is plagued by bid and break-up speculation, with the IDV drinks business the obvious jewel in the crown. Under Lord Sheppard, Grand Met developed a reputation for being a deal-driven conglomerate with a penchant for financial engineering that obscured the company's true performance. In recent years, this has been far from spectacular. With no fresh blood from outside, and still no obvious corporate purpose to this oddball collection of businesses, there is depressingly little reason why things should change.

**Singapore authorities' report: Key executives of collapsed bank accused of deception and Bank of England attacked for obstructing inquiry**



**Peter Norris,**  
Barings chief executive

"Both Mr Norris and Mr Bax denied being involved in any plan either to underplay the significance of the [accounting] discrepancy or to discourage independent investigations. However, we are unable to accept their denials"



**James Bax,**  
Regional manager,  
South-east Asia and  
Nick Leeson's boss  
in Singapore

"In our view, Mr Bax's evidence, though given under oath, was false in material respects and this also gives rise to an adverse inference being drawn against him"



**Nick Leeson**  
Barings' senior derivatives,  
trader, Singapore

"[He] dominated staff ... and they did his bidding. The floor brokers who executed the large transfer trades between account 88888 and Barings Securities [Japan] and Barings Securities Ltd accounts said they merely did as instructed by Mr Leeson"

# Cover-up sealed the fate of Barings

**STEVE VINES**  
Singapore  
and **JOHN EISENHAMMER**  
London

Former top Barings executives were accused of deliberately covering up vital warning signs of Nick Leeson's ruinous speculation, in the Singapore authorities' report published yesterday.

Had they been acted on, the bank's collapse might have been averted, the report concluded. The long-awaited findings of the Singapore investigators into the collapse of Barings also slammed the Bank of England for failing in its responsibilities when Barings massively exceeded its capital exposure limits to several Asian exchanges. A five-page appendix to the Singapore report details the increasingly strained relations between the British and Singapore authorities as their respective investigations progressed, accusing the Bank of England of obstruction and ordering the seizure of interview transcripts. While the report also states that Singapore International Monetary Exchange Limited (Simex) was negligent in taking at face value Barings' assurances, it is notable for the absence of any mention of the role of the island state's own central bank, the Monetary Authority of Singapore.

Nick Leeson, the 28-year-old former chief derivatives trader at Barings in Singapore, is in jail in Germany pending a final decision on his extradition to Singapore. The German authorities have granted this, but are considering an appeal from Mr Leeson's lawyers.

The Singapore report, covering much of the same ground as the Bank of England's own report published in July, accused Mr Leeson of forging documents, altering accounts and providing incorrect reports in a three-year concealment of unauthorised trading losses. When Barings collapsed, these had reached nearly £1bn.

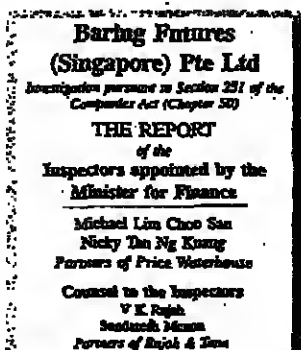
The 183-page report, appointed by Singapore's Finance Ministry, differed from its Bank of England equivalent in its sharp tone and its belief in a conspiracy at the top of Barings in the crucial months before the collapse on 26 February.

After Mr Leeson himself, the main blame is placed on Peter Norris, the former chief executive of Barings, and James Bax, the top Barings man in Singapore. The Singapore investigators allege that they tried to cover up, and later played down, a serious accounting discrepancy uncovered by Coopers & Lybrand in January 1995, that should have alerted management to problems.

"Both Mr Norris and Mr Bax have denied being involved in any plan either to underplay the

significance of the discrepancy or to discourage independent investigations into the matter. However, we are unable to accept their denials," the report said.

The investigators accused Mr Norris, who was unavailable for comment yesterday, of denying that he had a lengthy meeting with Mr Leeson in Singapore in February even though a number of witnesses confirmed it. Referring to the £50m discrepancy uncovered by the auditors, the investigators



said: "Mr Norris also took steps to conceal this matter from other Barings Group directors and to discourage Coopers & Lybrand Singapore and C&L London from including the matter in their audit management letters."

Mr Bax, also alerted at an early stage to this accounting discrepancy, "played an active role to conceal the significance of the matter raised by the external auditors and to discourage independent investigations into the matter," the report said.

"In our view, Mr Bax's evidence, though given under oath, was false in material respects, and this also gives rise to an adverse inference being drawn against him." The Singapore authorities allege that this crucial information was not properly

distributed or emphasised at the senior committee in London which met daily to assess risk throughout the Barings group.

"In retrospect, it seems probable that until February 1995, the Barings Group could have averted collapse by timely action. By the end of January 1995, although substantial losses had been incurred, these were only one-quarter the eventual losses," the report stated. Primarily there should have been a thorough and prompt investigation of Mr Leeson's funding requests from June 1994, as \$81.7bn (£760m) was committed to cover his losses. Steps should also have been taken to sort out why the Singapore futures operation was having to meet such large margin calls.

In October 1994 the internal auditors had highlighted the risk of allowing Mr Leeson to override internal controls by virtue of his control over the back and front offices of the local operation, yet no action was taken.

Nor did Barings' asset and liability committee in London do anything to ensure compliance with its instructions to Mr Leeson to reduce his position in Japanese stock market futures, Japanese government bonds and Euro-yen futures.

The report was prepared by the independent government-appointed inspectors Michael Lin and Nicky Tan, partners at the accountants Price Waterhouse. The Ministry of Finance accompanied its publication with the announcement that Barings Futures (Singapore), already declared insolvent, was to be wound up.

The Singaporean authorities plan to discuss the implications for further legal action today. In a statement yesterday the Ministry of Finance said the Commercial Affairs Department, the body responsible for dealing with commercial crime, has been asked to follow up the report to see if there are



Centre of controversy: Eddie George, Governor of the Bank of England, which is accused by the Singapore authorities of trying to stifle their investigation into the collapse of Barings Bank

grounds for prosecutions.

The inspectors conclude that "Mr Norris clearly had an interest in concealing the much larger losses that the Barings Group had incurred via account 88888 [Mr Leeson's secret account which was used to make trades on futures market]". The report says "a plausible motive can readily be conjectured" for Mr Norris's actions. It argues that he took over Barings Securities Ltd when his predecessor had presided over

losses totalling £11m and that he would not want a larger failure to be revealed.

Barings' management has always maintained that it knew nothing of Mr Leeson's account 88888 but the report says that knowledge of the account was "hardly crucial. If they did not know of it at the outset, they could have learnt of it once they undertook any steps to investigate the position."

"They could have remained ignorant of the account up to

the time of the collapse only if they had persistently shut themselves from the truth. Mr Norris's explanation after the collapse, namely that the senior management of the Barings Group believed that Mr Leeson's trading activities posed little (or no) risk to the Barings Group, but yielded very good returns, is implausible and in our view, demonstrates a degree of ignorance of market reality that totally lacks credibility."

The report pointedly says

that Mr Leeson managed to operate his account 88888 for three years without Barings' senior management knowing about it but they managed to unearth the account within hours of his disappearance.

The report alleged that Barings' management structure was inadequate every level, allowing Mr Leeson a free hand to cripple the company. James Bax, managing director of BPS and managing director of Barings Asia Pacific (BAP), and Simon Jones, director of BPS and chief operating officer of BAP, "had a limited view of their responsibilities as directors of BPS". Mr Bax and Mr Jones remain in Singapore under travel restrictions.

Mr Bax and Mr Jones are accused of doing nothing to end Mr Leeson's control of the front and back offices. Coordination between his bosses was said to be "shambolic". The report says "lines of accountability [were] porous and ill-defined."

The report accuses the Bank of England of ignoring its own controls on the exposure to debt deemed acceptable for banks. It says that even the inaccurate information supplied by Barings to the Bank in the quarter ending 31 December 1994 showed that Barings had breached the limit on maximum exposure to margins, relative to the capital funds available.

## On the trail of account 88888

- March 1992 Nick Leeson goes to Barings Singapore as settlement officer.
- Spring 1994 Leeson begins trading on behalf of bank.
- August 1994 Barings internal review highlights dangers of Leeson both trading and controlling accounting in Singapore office.
- 11 January 1995 Singapore Exchange alerts Barings Singapore to problems with Leeson's secret account.
- 17 January Kobe earthquake.
- 23 January Nikkei falls 1,000 points. Leeson goes double or quits, heavily buying futures for secret account 88888. Total nominal exposure \$27bn.
- 27 January Coopers & Lybrand auditors query \$75m missing Leeson transaction.
- 4 February Tony Hawes, Barings group treasurer, goes to Singapore to investigate Coopers & Lybrand and Simex concerns.
- 23 February Leeson flees Singapore. Barings Singapore executives begin emergency investigation.
- 24 February Peter Barings informs Bank of England that Barings faces ruin.
- 25-26 February Crisis meetings at Bank of England to arrange lifeline.
- 10.10pm, 26 February Failing to cap derivatives exposure, Barings goes into administration, with losses totalling £860m. Barings' capital base was £560m.
- 27 February Barings losses rise to over £1bn as Nikkei slumps. International manhunt for Nick Leeson.
- 2 March Leeson arrested by Frankfurt airport police as he tries to fly from Brunei to London.
- 5 March ING, the Dutch bank-insurance group, buys Barings for £1.
- April Singapore files extradition charges against Leeson in Germany.
- 1 May ING purges 21 senior executives connected with Barings collapse.
- 18 July Bank of England report on Barings collapse published.
- 1-7 September Serious Fraud Office interviews Leeson in Frankfurt jail.
- 27 September Barings bondholders granted private prosecution against Leeson.
- 4 October Germany grants Leeson's lawyers appeal.
- 12 October Bondholders' prosecution taken over and dropped by SFO.

## Bank of England seized inquiry papers

The Bank of England repeatedly thwarted the investigations in Britain of the Singapore authorities into the Barings collapse, writes John Eisenhammer.

An extraordinarily vehement five-page appendix to the Singapore report reveals a significant breakdown of relations between the British and Singaporean supervisory authorities.

Whereas the Singapore investigators were freely assisted by ING, the new Dutch owners of Barings, and Ernst & Young, the administrators to the collapsed merchant bank, they complained of a deliberate policy of obstruction at the hands of the Bank's Board of Bank-

ing Supervision, charged in the UK with reporting on the Barings collapse.

In its own report published in July, the Bank of England said it had had only "very limited access" to information in Singapore, and had been prevented from conducting formal interviews with senior members of the Barings' office in Singapore.

In April the Singapore inspectors interviewed a number of Barings employees in London on a voluntary basis, arranged through ING. On 2 May, Norton Rose, solicitors for the Board of Banking Supervision "notified the administrators' solicitors, Slaughter & May, and ING's solicitors, Lovell

White Durrant, that pursuant to Section 41(5) of the UK Banking Act 1987, the board required them to hand over the transcripts of all interviews conducted by us by the close of business 3 May 1995".

The Singapore investigators and their lawyers wrote to the Bank of England of their amazement, and expressed the hope that the Bank would allow access to interviews it had conducted during its own investigation. "The board did not reciprocate ...", the Singapore report noted.

There follows details of how the two, by now clearly rival regulatory authorities, haggled during May over whether each

had provided sufficient "consideration" to the other in the form of handing over information, to get other documents and interviews in return.

The report stated that in March, after the Barings collapse, the Singapore authorities fulfilled initial requests for information from the Bank of England investigators. When the Singaporeans asked for reciprocal assistance in London, they claimed they were told they had no authority and the secretary of state would appoint a UK subject to conduct interviews on their behalf. In response to a request to do the interviews informally, the Singaporeans were told: "This was

not permitted as HM Treasury was of the view that there was no reciprocity in connection with the board's work in Singapore," the report said.

Later Norton Rose, the board's solicitors, said they could not release any documents or information sought by the Singaporean investigators, saying this could only be done in the UK in return for "consideration". "When (the Singapore lawyers) pointed out that the board had already received 'consideration' Mr Bagg (of Norton Rose) maintained such documents and information was 'past consideration' and hence 'no consideration' ...", the Singapore report stated.



## business

THE INVESTMENT COLUMN  
Edited by TOM STEVENSON

## Paterson pays a price for loyalty

Paterson Zochonis is in many ways an anachronism, a family-dominated company clinging to its long-held links with Britain's former colony in Nigeria. Its refusal to break the tie with Nigeria is a pity because in many ways Paterson has a real success story to tell.

The Nigerian naira has been declining for as long as anyone can remember, causing periodic alarms at the group which controls over 40 per cent of the country's soap and detergent market. The latest flurry was caused by a new bout of political turmoil in Nigeria, leading to acute foreign exchange shortages and a 20 per cent cut in production in the first half of 1994.

The well-flagged problems led to the 11 per cent drop in pre-tax profits to £25.1m in the 12 months to May. Paterson is confident that January's budget has stabilised the situation, with production now recovering on the back of more freely available foreign exchange.

However, this stability has been won at the price of a 74 per cent devaluation in the naira, forcing the group to write off another £23.2m of its assets in Nigeria. The steady erosion of its assets has reduced the importance of the former colony to which Paterson owes its origins to just 10 per cent of the group total.

Elsewhere Paterson has a good record. A minnow in a world of soaps dominated by giants like Unilever and Procter & Gamble, the Manchester-based group still manages to head the UK market with its Cussons Imperial Leather brand. More impressive, given that the ordinary soap market is on a steady decline, is Cussons' 24 per cent lead in liquid soaps, a sector currently growing at 25 per cent a year.

It is also rapidly securing its future in developing markets overseas. After half a decade and a £10m investment, Paterson believes that it has turned the corner in Indonesia, where it is at last making profits. Meanwhile, Poland, where the group bought a local brand two years ago, has seen an even quicker turnaround.

A recent second Polish purchase and a new venture in India should cause few problems for a group with net cash and investments of £113m. Profits of £28m this year would put the non-voting A shares on a forward multiple of 11. The shares will remain lowly rated while enfranchisement is ruled out and the risk remains that the industry's

heavyweights will one day trample on Paterson, as happened in Thailand last year. Hold.

## Recovery at Stakis falters

The remarkable recovery at the Stakis hotels and casinos group – which has been fighting back from steep losses in the early 1990s – missed a step yesterday as the Glasgow-based company warned that its gaming side had suffered a like-for-like reduction in money wagered. The market greeted the fall with a 3p mark-down in the share price to 78p.

While disappointing, the slow-down at the casinos was offset by continuing growth in the core hotels business, where the average room rate in the fourth quarter just finished increased from £41.61 a year ago to £45.05 in the three months to October.

Occupancy rates also increased usefully – from 77.9 per cent to 79.6 per cent – boosting the average for the whole year from 69.7 per cent to 72.1 per cent.

Since new management was brought in to replace the ousted Andros Stakis in 1992, the rescue of the company from the brink of collapse has been handsomely rewarded by the market where the shares have soared from a low of 21p to a peak last year of 92p.

Falling costs, sensible disposals, a re-stored balance sheet and a cyclical upturn in the hotel trade combined with casino deregulation to provide a healthier backdrop than the shares had enjoyed for years.

Since the spring of 1994, however, the shares have floundered as the market fretted over the company's sharply rising tax rate now that the tax losses accumulated during the aggregate losses of almost £100m in 1991 and 1992 are working through. Although Stakis is only expected to pay corporation tax of about 10 per cent last year and this, the rate is forecast to rise quickly to 28 per cent by the end of the decade.

That will seriously dilute profits, wiping out any growth the company can achieve over the next few years, even assuming a peaking economic cycle and already relatively high occupancy rates allow much improvement. According to Panmure Gordon, even if profits in-

crease by an average 10 per cent a year to the turn of the century, earnings per share will only rise from 5p to 7p. That in turn is likely to mean that dividend growth is curtailed, and what the shares cannot offer in earnings growth they will be unable to make up for in income.

The shares are underpinned by net assets close to the share price, but are unlikely to provide much excitement.

## Tie Rack in expansive mood

Tie Rack is notable for being almost the only niche retailer (remember those) to have survived the recession and the barely noticeable high street recovery since. Its revival is all the more remarkable in that its founder, Roy Bishko, who oversaw the over-expansion that nearly proved fatal in the early 1990s, remains at the helm.

Mr Bishko is now sufficiently confident of the group's health that he is once more talking about expansion. The group opened 38 shops in the six months to mid-August, more than the 35 brought on-stream in the whole of last year. That fed into a 20 per cent rise in profits to £490,000 in the always slow 28 weeks to August, on a 14 per cent rise in turnover to £41.6m.

The expansion has proved timely as a combination of hot weather and consumer reluctance to spend pegged underlying like-for-like sales at the same level as the first half of last year. Tie Rack intends to open a further 20 stores by the year end, adding a net 51 to last year's total of 329.

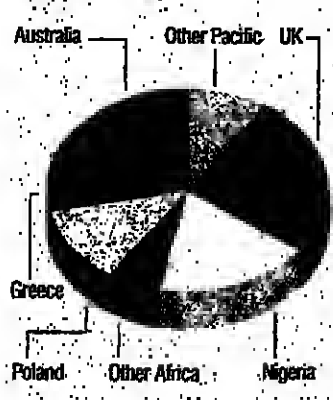
There is an element of profits drag as legal, training and other costs have to be borne on any move into new countries but, now in 25 countries, Tie Rack is rapidly establishing a worldwide presence.

With £8.5m still in the bank after £2.4m capital expenditure in the latest half, Tie Rack has no shortage of firepower to continue the process. Warm autumn weather is not helping scarf sales and the year's outcome still remains heavily dependent on Christmas. But if profits hit £8.6m, the shares, up 4p to 154p, would stand on a prospective multiple of 14. Still reasonable value, although the 37 per cent holding of Vadep, the original Swiss backers, dampens any takeover prospects.

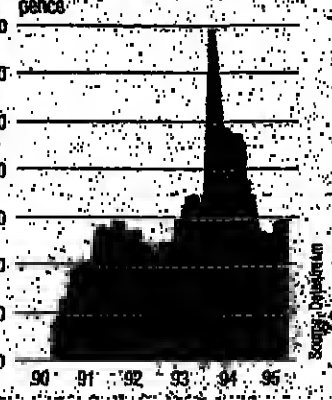
## Paterson Zochonis: at a glance

5-year record	1991	1992	1993	1994	1995
Turnover (£m)	167.7	172.7	172.7	172.7	172.7
Pre-tax profits (£m)	23.1	26.6	25.3	28.1	25.1
Earnings per share (pence)	10.4	11.5	12.6	13.9	15.0
Dividends per share (pence)	10.4	11.5	12.6	13.9	15.0

## Sales by region



## Share price



## Expansion by Ford will create 480 jobs

RUSSELL HOTTEN

Ford has confirmed plans to invest £340m in its engine factory in South Wales, in a move that will double production and create 480 jobs.

The UK government is giving £10m to help fund the expansion at Bridgend, which fought off competition from Ford's factory at Valencia, Spain.

Engines for Ford's Mondeo are built at the Bridgend site, which will now start producing the Zetec 1.25-litre engine used

in the new Fiesta being launched today at the London Motor Show.

Alex Trotman, Ford's chairman, said yesterday that he expected the Bridgend plant to produce another 550,000 engines a year from mid-1998, boosting total output beyond 1 million. He believed the "ripple effect" of the investment would generate another 600 jobs in the components industry.

"The UK is one of the most important production centres for Ford world-wide and our

plants have improved their reliability and competitive position considerably in recent years," Mr Trotman said. Earlier this year Ford said it was investing £200m in a new diesel engine programme at Dagenham.

The new Fiesta is being built at Dagenham and at Cologne, Germany. The Valencia factory, which already builds the Zetec engine, produces the old Fiesta, now called the Fiesta Classic, and has been chosen to build an even smaller Ford.

The UK is the largest pro-

ducer of Ford engines outside America, and output last year from Bridgend and Dagenham topped 1 million. The Government's grant still has to be approved by the European Commission, which is currently considering the UK's aid to Ford's subsidiary Jaguar.

Ford said the money for Bridgend was "important" in deciding to invest in the UK, but emphasised that it was one of several factors. The Bridgend plant, opened in 1979 and now employing 1,300 people, had

made great improvements in competitiveness and quality, underlined by the fact that it now makes Jaguar engines.

Despite sluggish UK new car sales, there is no shortage of confidence in Britain as a manufacturing base. Toyota has already committed itself to a big expansion of its Burnaston plant, Derbyshire, while Rover is due to make a decision about a new engine facility within six months. Nissan, Peugeot and Vauxhall all have expansion plans in the pipeline.

## Simon Pincombe CITY DIARY

## Mr Teflon is sticking to his old connections

While his name failed to appear in lights in yesterday's report from the Singapore authorities on the collapse of Barings, Andrew "Teflon" Tuckey finds his tenuous connection with the once-proud name ever more stretched.

You will recall that the bank's former deputy chairman resigned on 3 April "as a matter of honour" while still managing to stay on as a consultant to the corporate finance arm. This in spite of a Securities and Futures Association investigation hanging over his head and an assurance from the Bank of England Governor, Eddie George, that he would need his approval to work again in the City. In a telling demonstration of the suitability of his sobriquet, Mr Tuckey even secured an office in the new London Wall headquarters which Barings moves into next weekend.

However, Teflon may yet come unstuck. "The office will probably be a broom cupboard in the cellar," whispers a barely audible Barings man. "This is a sort of low-profile, part-time, occasional role."

Already under the cox from an ungrateful public the Serious Fraud Office has suffered the further indignity of being publicly rubbished by its own barrister. On Monday the hapless investigators came under withering attack from Jonathan Caplan QC, as he mounted the case for Ernest Saunders, the former

Suggestions in the *Financial Times* that Freshfields, Britain's leading international law firm, was about to merge with Davis Polk & Wardwell of the US were followed by swift and vehement denials from both senior partners in the newspaper's letters column yesterday. But the clarifications came too late to stand down investment bankers on both sides of the Atlantic, who had already got the smell of merger fees in their nostrils.

Even before he could put pen to paper, Joan Grieves the unflappable senior partner at Freshfields, was besieged by bankers offering their services. It hardly bears a mention, but for the record it was the Americans who got to him first.



Andrew Tuckey: moving into London Wall headquarters

Guinness chief appealing against his conviction.

Was this the same Jonathan Caplan who has been advising the SFO on the Barings debacle for the last six months? "Er... he is one of the best," explains an SFO spokesman defensively. "It is a reflection of how few QCs there are available to deal with complex fraud."

One can see why William Hague, the Welsh Secretary, is getting so edgy about inward investment in the principality. The announcement of a £340m expansion by Ford at Bridgend and advertisements for 480 new jobs will lead to a stampede followed by the inevitable disappointment.

When Bridgend advertised

24 jobs on the Jaguar engine line it got 8,000 applications. Some from 80 miles away.

The 4,000,000th attempt to unite Britain's fragmented accountancy profession is in danger of collapse, barely months after it got off the ground. In spite of the efforts of at least 14 working parties another Balkan solution looks on the cards.

Sensing that it can never sell a merger between the Institute of Chartered Accountants in England & Wales (ICAEW) and the Chartered Institute of Management Accountants (CIMA) to its younger separatist members, the increasingly impoverished ICAEW yesterday launched a "hard-hitting poster campaign" to convince the public that theirs is the premier qualification.

For their part the management accountants seem fairly relaxed. The CIMA stock is rising and it has again asked the Privy Council to allow its members to call themselves "chartered" accountants.

Senior auditors now privately concede that they have lost the exclusive use of the chartered prefix.

## Scholl bemused by merger letter from French company

DAVID HELLIER

Scholl, the UK footwear and care group, said yesterday it was seeking clarification from a small, unlisted French company which sent it a letter raising the possibility of a merger.

It said the letter, which it received on Monday, was "extremely vague", and that there was no evidence that the French company would be in a position to implement an offer.

Scholl is currently under siege from a dissident shareholder group led by Julian Treger and Brian Myerson, two South African investors who run an investment fund, the UK Active Value Fund (Ukav). Mr Treger and Mr Myerson want Scholl to sell itself and have requisitioned an extraordinary general meeting at which they wish to depose three board members. Ukav is also trying to force a restructuring at Signet, the

heavily indebted jewellery group, which yesterday notified the Stock Exchange that it had recently become aware, through a filing in the US, that a group of its shareholders, including Ukav, is trying to take control of its board by replacing all or a majority of the company's directors while not intending to make a bid for the company.

Scholl has not identified the French firm but it said the letter had been sent to it at the behest of Mr Treger at Ukav. The board has been advised by its bankers, Samuel Montagu, that the letter does not constitute a serious takeover approach.

A statement said: "The proposal in this letter is extremely vague and furthermore the French company is unlisted, is much smaller than Scholl and no evidence has been produced that it is, or would be, in a position to implement any offer."

chairman, said: "We have been told by them there would be synergies from being taken over by a large international company. But all they have produced is a small-sized national business. Clearly we will take this approach seriously but we would have done that anyway," he said. "I cannot see that this justifies the fuss that is going on."

Scholl's circular to shareholders, which advises them to vote against the dissident shareholders' proposals, also knocks the credentials of those, including Mr Treger and Mr Myerson, who are being proposed as new board members for the company.

Brian Myerson, for example, is said to have been dormant 1987 a director of Euro Suisse Securities, whose published accounts reveal an aggregate consolidated pre-tax losses of £726,516 on turnover of near-

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A 7 page appointment section covering vital issues in accountancy, public sector finance and the legal profession.

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**INDEPENDENT**  
section two

## Small business expects slowdown

TOM STEVENSON  
Deputy City Editor

Small companies are less optimistic about business conditions than they were both six months and a year ago, with order books, output expectations and employment levels all deteriorating.

A survey commissioned by SBC Warburg showed that a balance of only one fifth of the 1,000 companies questioned were more optimistic than three months ago. Similar surveys in March and last September had more optimistic balances of 33 and 57 per cent respectively.

Darren Winder, UK economist at SBC Warburg, said: "The general weakening in economic activity evident in official statistics since earlier in the year appears to be affecting both small and large companies alike. Business optimism is very definitely on the wane at the current time."

Optimism on growth and orders fell most sharply among industrial companies where one in 10 businesses said they intended to reduce their workforces. In February one in seven companies expected to increase their staffing levels.

The survey covered more than 1,000 chairmen, chief executives or finance directors of quoted companies with market capitalisations of under £320m.

Other findings included widespread discontent with current corporate governance guidelines; 73 per cent of companies considered that the cost of complying was not justified by the benefits gained.

## IBM falls into \$543m loss

RUSSELL HOTTEN

IBM reported a third-quarter loss of \$543m (£362m), including a charge of \$1.8bn related to its acquisition of Lotus Development.

Excluding the Lotus purchase, IBM said its profits rose to \$1.3bn, or \$2.50 a share, compared with earnings of \$689m, or \$1.18 a share, in the same period of 1994. Including the Lotus purchase, IBM lost 96 cents a share for the quarter.

The world's largest computer company said it planned to take an additional charge of \$800m in the fourth quarter to pay for reorganisation, including "limited" staff cuts.

Sales were \$16.8bn, an increase of 9 per cent on the \$15.4bn in sales it recorded a year earlier. The results disappointed Wall Street, as the pre-charge earnings of \$2.30 a share fell short of the average forecast of \$2.42 a share. Shares fell \$1.50 to \$92.25 in early trading in New York.

Lou Gerstner, chairman, said: "Our hardware sales were disappointing in the third quarter, largely due to supply imbalances in System/390 servers and high-end storage products."

"However, it is encouraging that, given the breadth of our product line, we were able to re-

port good results overall," he said. Hardware sales were essentially flat in the quarter, at \$7.8bn, but revenues in all regions were up.

IBM said its RS/6000 workstation and its storage product revenues were up compared with the year-ago period, and that personal computer sales also increased.

However, AS/400 minicomputer family revenues declined due to a product transition to new models, expected this quarter. Mainframe revenues fell because of ongoing price cuts and supply shortages.

IBM's software sales continued to show solid growth and services and revenues of its component products continued strongly. The company said the number of users of Lotus Notes – groupware for collaborative, team-based working – also increased "significantly" in the quarter, but was not more specific. It also said it was an excellent quarter for Lotus's electronic mail software.

"I'm particularly pleased with the product performance from Lotus this quarter – the first quarter that Lotus has been part of the IBM family," Mr Gerstner said. "Equally important, the IBM-Lotus integration efforts are moving forward quickly and effectively."

## COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Henry Boot (Q)	86.7m (72.1m)	2.7m (2.57m)	7p (8.8p)	1.95p (1.85p)
Brascan Holdings (Q)	0.03m (0.04m)	-0.11m (-0.04m)	-1.1p (-0.5p)	nil (nil)
El Ore Mining (Q)	- (-)	1.24m (0.77m)	19.21p (12.09p)	nil (nil)
Exploration Co (Q)	- (-)	1.27m (1.04m)	7.53p (6.06p)	nil (nil)
Petroleum Zetland (Q)	288.8m (286.6m)	25.1m (28.1m)	32.35p (36.6p)	15p (13.85p)
The Rank (Q)	41.2m (38.5m)	0.48m (0.41m)	0.63p (0.53p)	0.5p (nil)

(Q) - Quarterly (F) - Fiscal (I) - Interim



## Important Notice for Lloyds Bank Plc and TSB Group plc Shareholders

Lloyds Bank Plc and TSB Group plc shareholders may be aware of the recommended proposals for a merger between Lloyds Bank Plc and TSB Group plc, announced on Wednesday, 11th October, 1995.

Copies of the press release issued by Lloyds Bank Plc and TSB Group plc and responses to enquiries can be obtained by shareholders of both companies by calling

**0345 660 776**

(All calls charged at local rates)

between 8:30 am and 6:00 pm Monday to Friday.

Formal documentation relating to the merger will be posted to shareholders of Lloyds Bank Plc and of TSB Group plc as soon as possible.

The directors of Lloyds Bank Plc and TSB Group plc jointly accept responsibility for the information contained in this advertisement. To the best of their knowledge and belief in those persons (who have taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The contents of this advertisement have been approved by Baring Brothers Limited and Morgan Guaranty Trust Company of New York ("J.P. Morgan") for the purposes of section 57 of the Financial Services Act 1986.



## market report/shares

## TAKING STOCK

## £450m Keebler sell-off expected at United Biscuits

## MARKET REPORT

JOHN SHEPHERD

## DATA BANK

FT-SE 100  
3,562.2 +4.9

FT-SE 250  
3,936.9 -2.1

FT-SE 350  
1,773.0 +1.7

SEAQ VOLUME  
657.7m shares,  
28,679 bargains

Glite Index  
92.82 -0.11

## SHARE SPOTLIGHT

share price, pence



Shares in the troubled United Biscuits were actively traded yesterday amid a rumour that it had found a buyer for its Keebler snacks business in the US. Dealers were talking about a sale price of between £450m and £500m.

More than 3million shares were traded and the price closed 2p higher at 286p, having touched 294.5p at one time during the session.

The likely buyer for Keebler, according to dealers, is one of four US groups - PepsiCo, Campbell Soup, Nabisco and General Mills.

UB as a whole is still viewed in some quarters as a possible take-over target for Cadbury Schweppes, down 10p to 52p. Cadbury expressed an interest in UB two years ago. One dealer added that Nestlé could not be ruled out of any possible take-over strike.

The sale of Keebler now would come as a welcome re-

lief for UB, which has been struggling to make headway in its main markets principally because of fierce international competition in snacks. Cash from the disposal would also bolster the company's financially stretched balance sheet.

A bid for UB was just one of dozens of rumours that were circulating around the market yesterday. But for the intervention of a soft opening on Wall Street, the rumours looked set to drive share prices to all-time highs.

The FT-SE 100 share index, which was almost 23 points higher in morning trading despite the release of worrying public sector borrowing requirement data, finished at 3,562.2, up 4.9. The all-time closing peak was set a month ago at 3,570.8.

Trading volumes were better than Monday's, but the final tally of 657.7 million shares to change hands was not the kind



of figure to associate with yesterday's early runaway performance by the FT-SE 100 index.

Shares in Gartmore, the fund management group, closed 5p lower at 288p amid talk that National Westminster, up 4p to 644p, had abandoned its take-over plans. City sources said that it had pulled out of the bidding because it thought the likely £400m asking price was too high, given Gartmore's heavy dependence on business with institutional clients. This contrasted with NatWest's strategy of concentrating on business with private investors.

RAT Industries, up 1p at 550p, is still thought to have its

hat in the ring. So too is ABN Amro, owners of Hoare Govett stockbrokers, Dresdner Bank and Nationsbank.

Meanwhile, NatWest yesterday dipped into its bulging purse for \$135m (£86m) to buy Gleacher, the privately owned US-based mergers and acquisitions firm.

Analysts expect the deal to be just one of several to be rolled out by NatWest in the coming months. The bank is being strongly tipped as a suit-or for Royal Bank of Scotland, ahead 9p to 534p.

Analysts at SBC Warburg reckon that a predator for Royal Bank of Scotland would have to pay between 680p and

750p a share, valuing the company at between £5.4bn and £6bn. The valuation includes a £1.7bn price tag for the bank's Direct Line insurance business.

Almost 7million shares in Royal Bank of Scotland were traded yesterday as the latest wave of bid rumours circulated. The speculative list of other suitors includes HSBC, up 3p to 951p, and Abbey National, down 6p to 557p.

ADT were a strong market, spurring 22p to 920p on strong speculation that the Bermuda-based company, headed by Michael Ashcroft, was on the verge of selling its European car auction business. This was thrown open to the highest bidder back in May at a reserve price believed to be around £200m. Prudential Ventures is understood to be competing strongly against an American auction company to buy the operation, which made more than £23m of profits last year.

It was also a good day for Tottenham Hotspur supporters as the shares soared to an all-time high of 197p, up 14p on the day. The annual meeting is being held today, and there is a chance that Alan Sugar, chairman, may announce that he is to lessen his grip on the company, selling shares to some institutions.

Manchester United fans had a small cheer as the price firmed 1p to 197p. But Millwall continues to languish at 3p.

In oils, Arco dropped out of the running for Aram Energy as its £178m take-over offer was trumped by a £203m cash bid. Aram has yet to decide whether to recommend Statoil's terms.

Corporate results were thin on the ground, and those that did make statements met with mixed reactions. They included The Rank, up 4p to 154p, Paterson Zochonis, up 3p to 463p, and Henry Boot, unchanged at 207p.

Thorn EMI continues to generate excitement and the shares shot-up 41p to a high of £15.68 in early dealings, as a rumour circulated that Rupert Murdoch was keen to buy the company's music business. The media baron has previously made known his interest in a music business and will not have the field to himself. Disney and Viacom are also in the hunt, and there is a growing belief that either may mount a full blown £17 a share bid for Thorn EMI. Shares finally closed at £15.27, up 10p.

There was talk that Norcross was about to dispose of its printing and packaging operations. API, steady at 514p, and Bemrose, also unchanged at 397p, are tipped as the likely buyers. Norcross shares stand at 84p, a far cry from the 209p they traded at early last year.

## SHARE PRICE DATA

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details: ex rights = ex dividend = Independent Securities Market's Suspended FT Fully Paid on 18th Feb 1997.

Source: Financial

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Call cost 35p per minute (cheap rate), and 45p at all other rates. Call charges include VAT.

## MARKET LEADERS: TOP 20 VOLUMES

Stock	Volume	Stock	Volume	Stock	Volume
British Gas	28,000	BT	7,500	Mersey (Wm)	6,000
Glaxo	10,000	BT	7,500	TSE	6,000
ASDA Group	10,000	BT	7,500	Cable & Wire	6,000
National Power	6,000	BT	7,500	Alcan	5,000
Telegraph Group	6,000	BT	7,500	Alcan	5,000

## FT-SE 100 INDEX HOUR BY HOUR

Open 3562.9 up 5.6	11.00 3579.1 up 21.6	14.00 3574.5 up 17.2
09.00 3576.6 up 19.3	12.00 3575.4 up 18.1	15.00 3569.3 up 12.0
10.00 3571.9 up 14.5	13.00 3577.7 up 20.4	16.00 3562.6 up 3.3
		Close 3562.2 up 4.9

## BANKS, MERCHANT

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, RETAIL

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, WHOLESALE

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, FOREIGN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, EURO

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, ASIAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, AFRICAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, OCEANIC

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, PACIFIC

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, AMERICAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, CANADIAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, AUSTRALIAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, NEW ZEALAND

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, SOUTH AFRICAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, ISRAELI

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, JAPANESE

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, EURO

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, ASIAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, AFRICAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, OCEANIC

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, AMERICAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, CANADIAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, AUSTRALIAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, SOUTH AFRICAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, ISRAELI

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, JAPANESE

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, NEW ZEALAND

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, SOUTH AFRICAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, ISRAELI

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, JAPANESE

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, NEW ZEALAND

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, SOUTH AFRICAN

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0

## BANKS, EURO

Bank of Scotland	286.0	Barclays	286.0
HSBC	951.0	Abbey National	557.0
NatWest	644.0	Royal Bank of Scotland	534.0
First Direct	286.0	First Direct	286.0



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FOREIGN EXCHANGE RATES

COUNTRY		Spot	1 month	3 months	Spot	1 month	3 months	D-MARKS	
Australia	1.5786	10-11	36-52	1,520.00	10-11	36-52	1,520.00	0.7080	
Canada	1.2582	10-11	36-52	1,520.00	10-11	36-52	1,520.00	0.9454	
France	2.2240	35-41	181-141	1,418.74	21-17	40-41	125-100	3.5009	
Germany	7.8048	36-54	141-83	1,418.74	21-17	40-41	125-100	110.23	
Italy	9.5110	36-54	141-83	1,418.74	21-17	40-41	125-100	70.00	
Japan	12.141	36-54	141-83	1,418.74	21-17	40-41	125-100	0.5400	
Switzerland	4.8304	36-54	141-83	1,418.74	21-17	40-41	125-100	30.5801	
Belgium	2.3408	36-54	141-83	1,418.74	21-17	40-41	125-100	3.8811	
Netherlands	2.4840	36-54	141-83	1,418.74	21-17	40-41	125-100	1.1136	
Denmark	6.6118	36-54	141-83	1,418.74	21-17	40-41	125-100	2.2741	
Sweden	1.0240	36-54	141-83	1,418.74	21-17	40-41	125-100	4.4008	
Spain	16.4418	36-54	141-83	1,418.74	21-17	40-41	125-100	4.8802	
Portugal	20.4700	36-54	141-83	1,418.74	21-17	40-41	125-100	0.0105	
United Kingdom	1.5240	36-54	141-83	1,418.74	21-17	40-41	125-100	1.0702	
USA	2.0700	36-54	141-83	1,418.74	21-17	40-41	125-100	3.4601	
South Africa	1.5240	36-54	141-83	1,418.74	21-17	40-41	125-100	0.9300	
India	2.0700	36-54	141-83	1,418.74	21-17	40-41	125-100	2.9400	
Singapore	2.2240	36-54	141-83	1,418.74	21-17	40-41	125-100	4.8300	

OTHER SPOT RATES

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	1.5786	1.5200	Algeria	123.4746	81.75
Brazil	1.5786	1.5200	Chad	0.00258	0.2948
Canada	1.5786	1.5200	Colombia	40.5849	1.7000
Chile	13.0704	6.31	Cuba	253.79	146.85
China	2.2240	3.8000	Czech	8.7205	70.00
France	2.2240	3.8000	Denmark	10.00	45.18
Germany	7.8048	4.2800	Finland	0.7425	3.6710
Greece	20.4700	32.0000	France	62.25	3.5200
India	20.4700	32.0000	Italy	62.25	3.5200
Indonesia	20.4700	32.0000	Japan	62.25	3.5200
Italy	20.4700	32.0000	Malaysia	62.25	3.5200
Philippines	20.4700	32.0000	Portugal	62.25	3.5200
Spain	20.4700	32.0000	Sweden	62.25	3.5200
Switzerland	20.4700	32.0000	Thailand	62.25	3.5200
Thailand	20.4700	32.0000	USA	62.25	3.5200
UK	20.4700	32.0000	USSR	62.25	3.5200
USSR	20.4700	32.0000	Yugoslavia	62.25	3.5200

Notes: Foreign exchange rates are subject to change without notice. All rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. 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Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. 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Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. Rates are for 100 units of the foreign currency against the US dollar. 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## OTHER SPOT RATES

### TOURIST RATES

## INTEREST RATES

## BOND YIELDS

## MONEY MARKET RATES

## LIFE FINANCIAL FUTURES

## LEFFER ET-SE INDEX OPTION

## COMMODITIES

Cocoa		Coffee		Peanut		Barley	
LCE	\$/tonne	LCE	\$/tonne	LCE	\$/tonne	LCE	\$/tonne
Dec	915	Nov	2411	Nov	104.00	Nov	107.60
Mar	943	Jan	2388	Mar	200.00	Jan	116.80
May	959	Mar	2307	Apr	209.50	Mar	113.50
Vol	6,886	Vol	8,622	Vol	21	Vol	178

Source: Spink & Bon

White Sugar		Raw Sugar		Freight		Wheat		Corn	
LCE	\$/tonne	LCE	Cent/100	LCE	\$10/pt	LCE	\$/tonne	CBOT	Cent/bushel
Dec	348.00	Jan	13.25	Oct	1855	Nov	117.45	Hi - Lo	Sell
Mar	324.50	Mar	11.90	Nov	1900	Jan	119.90	Dec	530.0-524.4
May	619.00	May	71.95	Feb	179	Mar	121.90	Mar	530.0-530.0
Vol:	2,035	Vol:	0	Index	1,214	Vol	82	May	530.2-531.0

Source: Commodity Market Services

Dec	Malay (P)	S/tonne	182	Feb-Apr	Soya Oil	FL/100kg	100.5
	Copra (P)	S/tonne	140/135	Nov-Dec	Coconut Oil (P)	S/tonne	720
Nov-Dec	Action (P)	US\$/kg	92	Nov-Dec	Sunflower Oil	S/tonne	657.5
Dec	Wool	Acs/kg	914	Feb-Apr	Rapeseed Oil	FL/100kg	97.5
Dec	Rubber*	Metric/kg	352	Jan-Mar	Groundnut Oil	S/tonne	815

Brand Grade	(Bbls/mo)	Genoil	(Bbls/mo)	WTI	Production	(Bbls/mo)
IPE 5.00/mo	479	Yr ago	1PE close	479	6pm	Spot CIF North West Europe
Dec 16.12	+1.25	76.12	Nov 146.75	+0.25	Nov 17.65	London Gasoline
Jan. 16.00	+0.02	76.12	Dec 142.75	+0.25	Dec	171 - 173

Feb	15.21	-0.04	18.10	Jan	148.30	+0.00	Jan	17.20	EG Coal	140-151
Feb	14.59						Jan	17.20	EG Coal	140-151
Feb	14.59						Feb	17.18	Heavy Fuel Oil	87-89

\*Values \$5000 per metric ton. Index, \$100 per barrel. Average for week.

Source: ICIS-London Oil Reports

Oil prices

Comd	Index	Base date	%Chg	Day Chg	Dec 31st	%Yr Chg	Year ago	%Yr Chg
Index	1020-1040	180-200						

Agricultural	1973=100	270.58	-0.09	104.78	+0.05	174.07	+3.80
Energy	1983=100	67.96	+1.08	248.01	+0.09	284.26	+15.46
Industrial	1977=100	101.33	-0.09	59.36	-1.08	59.28	-2.23
Livestock	1977=100	168.00	+0.92	217.85	-11.87	194.50	-4.08
Precious Metals	1978=100	480.05	+0.42	183.13	+0.09	186.06	+2.93
			-0.14	497.21	+0.71	497.10	1.30

Source: Goldstein, Sachs & Co. "GSCI is a trademark and service mark of Goldstein, Sachs & Co. (Close as of 19 October '95)

Stock	RMS	MM	Other	Stock	RMS	MM	Other
Abbey Life Equity St	242.1			London & Men Plazeb		864.4	
Abbey Life Managed St	703.9		254.9	London Life Flexible		953.90	
Abbey National Managed	127.1		133.6	London Life Equity		654.70	
National Alliance UK Equity	131.2		136.2	M&G International Bond	951.1		899.6
Abbey Equity	1701.8		1781.3	M&G Recovery Bond	848.2		826.6

Allied Dunbar Distribution	16.9	118.0	Investment Management	80.8	94.4
Allied Dunbar Equity	24.4	25.7	Investment Services	79.7	94.4
Allied Dunbar G4 High Inc S2	34.3	36.2	Midwest Life Insurance	119.4	119.4
Allied Dunbar Income	154.0	162.1	Northwest Growth Managed	124.5	181.1
Allied Dunbar Life	118.0	124.8	Northwest Security Managed	118.9	123.1
Allied Dunbar Property	80.5	82.2	Northwest Value Managed	123.9	126.1
Allied Dunbar Real Estate	77.9	81.6	Northwest Value Managed Equity	123.9	126.1
AXA S&L Distribution S1	107.2	107.6	Northwest Union (RF) Managed	154.0	163.1
AXA S&L Distribution S2	116.5	127.3	Northwest Union Managed Life	154.8	162.0
AXA S&L High Income S1	116.5	127.3	Northwest Union With Profits	154.74	162.80
AXA S&L Life Equities S2	106.6				

[illegible]

Comprehensive Equity Inc.	782.7	1676.5	Scottish Amicable Equity	650.0	66.48
CU Amalgamated	841.4	674.9	Scottish Amicable Managed	506.8	53.23
CU Prime North Equity	458.6	459.6	Scottish Amicable Special	277.9	28.81
CU Prime US Equity	545.2	497.7	Scottish Life Managers	490.7	52.92
CU With Profits	121.7	123.4	Scottish Mutual Equity	274.5	26.07
Equity Star With Profits	136.6	143.0	Scottish Prior Star Blue Chip	185.4	17.42
Family Performance	142.6	150.2	Scottish Prior Star W Profits	123.0	12.05
Friends Pro Managed Mutual	389.3	346.9	Scottish Widows International	533.9	40.77
Friends Pro North Equity	487.2	448.0	Standard Life Equity	1234.7	116.18
Friends Pro US Equity	482.2	448.0	Standard Life Equity	1234.7	116.18

GA Unfused With Profit	145.1	194.6	Standard Life European	194.6	194.6
GA Unfused With Profit	145.1	194.6	Standard Life Far East	176.9	196.2
GRE LIA Europe	126.6	126.6	Standard Life Managed	772.7	813.0
GRE LIA Europe	1105.6	1185.9	Sum Alliance	772.7	1023.9
GRE LIA International	693.3	733.2	Sum Alliance	772.7	813.0
GRE LIA International	693.3	733.2	Sum Life De Distribution	173.9	181.1
GRE LIA Managed	739.8	739.8	Sum Life Distribution	208.0	208.0
H&S Standard Life	588.8	621.0	Sum Life Equity	1562.8	1676.5
H&S Standard Life	588.8	621.0	Sum Life Equity	1562.8	1676.5
Int Life Standard Managed S	619.5	647.3	Sum Life Long Capital	657.7	1006.2
Int Life Standard Managed S	619.5	647.3			
J. R. R. Standard Life	189.1	178.0			

Laureston UK Equity S2	359.0	509.0	Sum Life/Cn Company Managed	128.1	600.2
Laureston Managed S2	376.5	808.0	Sum Life/Cn Equity	572.1	430.0
Laureston UK Equity S2	402.1	617.8	Sum Life/Cn Equity	412.2	450.0
Laureston UK Equity S2	1259.0	1324.5	Sum Life/Cn Equity	389.0	258.0
Laureston UK Equity S2	579.4	603.0	Sum Life/Cn Equity	243.7	322.7
Laureston UK Equity S2	682.0	929.4	Sum Life/Cn Equity	306.5	322.7

GA United Way Profits	146.1
Gov. McDonnell	222.8

GWT LLC	976.0	347.1	Standard Life Managed	772.8	1062.3
Long LIA Equity	105.6	118.8	"	772.8	615.0
GWI LIA International	938.9	787.7	Sun Alliance Equity	730.5	129.9
GHI LIA Managed	789.0	789.7	Sun Alliance Managed	731.5	770.0
HIS General Equity	573.6	712.7	Sun Life Debt Combination	193.8	180.1
HIS General Management	568.6	821.0	Sun Life Derivatives	288.0	301.9
JPM US Global Managed S/I	519.5	647.8	Sun Life Equity	1582.0	1676.5
Pfizer/Schering Plough Inc.	294.2	178.0	Sun Life Managed	857.7	1006.2
Laudenfeld Impact III West Act	318.5	318.5	Sun Life/GIC Century Equity		128.0
Lauritzen Management S/I	574.3	608.0	Sun Life/Cen Century Managed		126.1

Laurentian UK Equity	482.1	\$17.8	Sum Life/Can Equity	672.1	662.2
Legal & Gen Equity \$2	1256.0	124.3	Sum Life/Can Managed	412.2	433.8
Legal & Gen International	573.4	603.6	Equity	386.6	410.6
Legal & Gen Managed	682.9	628.4	TSB Homebuyer	245.7	258.8
			TSB Managed	306.5	322.7







## sport

## England have the stomach for the fight

**Martin Johnson on the prospects for Mike Atherton's men, who head for South Africa today**

England's cricketers leave for South Africa tonight, and never has a team been more ready. After weeks of secret training with vol au vents, avocado dips, canapés and agonising selection choices between vodka martinis and screwdrivers, Michael Atherton's men have not left a single olive stone unturned.

Thirty years ago, when South Africa last issued England with a party invitation, the offer was withdrawn when their guests decided to come improperly attired. Sorry, no black ties – or anything remotely resembling that colour, was the crux of the message from Dr Vorster's apartheid government.

However, South Africa's circle of friends finally shrunk to such proportions that any vaguely friendly visitor was smothered in lipstick, and England are now afraid of being killed by kindness. Death, as it were, by a thousand cocktail parties.

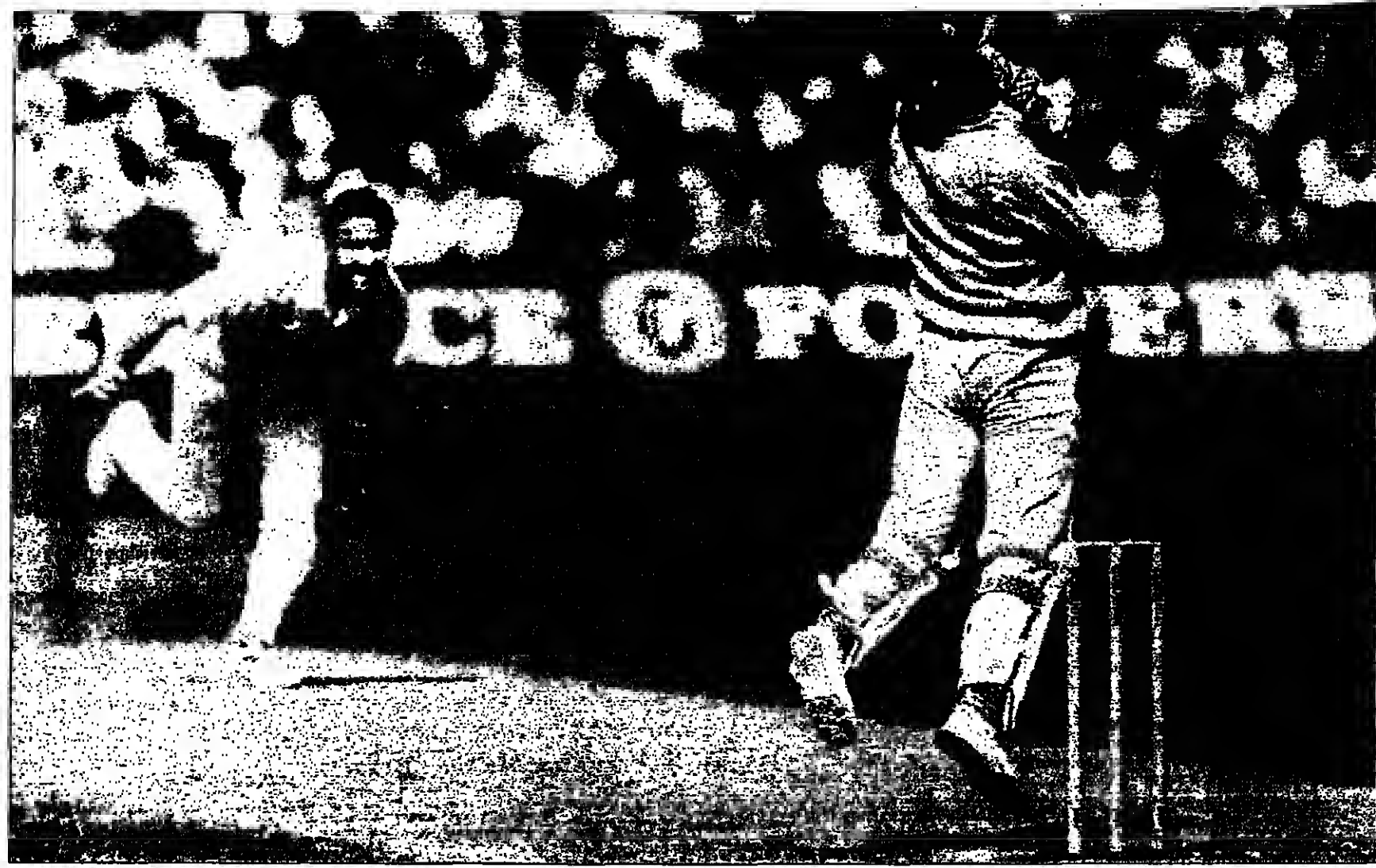
As a result, England's chairman and team manager (for whom the choice between a smoked salmon mousse and a cod and chips wrapped in the Bradford Argus would not represent much of a contest) has ploughed his way through a vast list of invitations to official functions, and concluded that England do not have to clever a record at Test cricket after an early night, never mind after tottering home from some state banquet or other.

"We have had," Ray Illingworth said the other day, "any number of invitations to social functions, and while we have accepted some of them, a good many more have been rejected. Essentially, we are going on this tour to play cricket."

Notwithstanding the fact that England have been going on tour to play cricket for some years without managing to achieve that objective, this is one issue that Raymond and his captain will not be falling out over. Michael Atherton (a pint and a packet of crisps man) would sooner face the West Indies attack on a minefield than a blazered dignitary coming in to bowl him several overs of verbal rhubarb.

The fact that South Africa have been back in the international fold for four years now only marginally dissipates the historical significance of this trip. It is 106 years since South Africa first embraced a visit from the England cricket team, and yet this is the first time that a black man (other than for purposes of sweeping the floor or replacing a roller towel) will have been inside the visitors' dressing room.

**England are afraid of being killed by kindness. Death by a thousand cocktail parties**



Allan Donald (left) versus Mike Atherton will be a key confrontation in South Africa this winter

Photograph: Brendan Monks

Now that South Africa have officially embraced Law 42 (Unfair Play against the human race) their batsmen will be facing the likes of Devon Malcolm on the field rather than having to worry about nothing more than whether Malcolm has whitened their pads satisfactorily, or served the lunch efficiently.

It was Malcolm's devastating bowling against South Africa at The Oval last year which signalled the beginning of another English new dawn, only for that one to sink beneath the horizon just as swiftly as most of the previous ones.

Since Mike Gatting's side retained the Ashes in Australia eight winters ago, England have played eight Test series abroad, winning

just the one in New Zealand, and losing six. Many have been by embarrassing margins, and it was last winter's debacle in Australia which convinced Atherton that England's problems stemmed far more from a shortfall in attitude than talent.

Neither Atherton nor Illingworth is inclined to talk in coded messages, and if the England dressing room is not quite yet a command HQ, neither is it a boy scout hut any longer. England are taking a doctor away with them this winter, but at least they should not need a heart transplant surgeon.

Nowhere, not even Australia, is the killer instinct more crucial than



### The itinerary

**October**  
24: NFO XI, Randfontein.  
25: Eastern Transvaal, Springs (day-night).  
27-30: SA Invitational XI, Soweto.  
**November**  
2-5: Border, East London.  
9-12: South Africa A, Kimberley.  
16-20: First Test, Centurion Park.  
23-26: Orange Free State, Bloemfontein.  
30-Dec 4: Second Test, Johannesburg.

In South Africa, England can expect an avalanche of welcome mats off the field, but when it comes down to the actual combat, no sporting nation in the world possesses a harder nose than South Africa.

New Zealand can testify to this after rugby union's World Cup final, and neither did South Africa's re-entry into international cricket after a 22-year ostracism prevent their abrasive competitiveness from rising to the surface.

The "goodwill" tour was the cosmetic label attached to their trip to India in 1991 – one long round of garlands, motorcades, and visits to Mother Teresa – and the goodwill survived right up until the opening match in Calcutta,

**The squad**

Name	Age	Tests	Runs	Wickets
M A Atherton (Lancs)	27	51	25	
D G Cook (Derby)	24	5	8	
S J Gundry (Leeds)	23	5	9	
A R C Fraser (Derby)	30	29	33	
Gough (York)	24	10	10	
G A Hick (Worce)	29	37	47	
R K Kingworth (Worce)	32	8	18	
M C Loe (Essex)	25	3	0	
D E Malcolm (Derby)	32	94	10	
P J Marsh (Leeds)	26	26	2	
M R Murray (Derby)	28	17	2	
R C Russell (Glouce)	22	39	26	
R A Smith (York)	31	57	64	
A J Stewart (Surrey)	32	48	64	
G P Thorpe (Surrey)	26	21	33	
M Watkinson (Leeds)	34	2	0	

**On stand-by for one-day internationals and World Cup**

N H Fairhead (Leeds)	31	10	44
O A Fraser (Worce)	32	3	25
N M K Smith (Worce)	28	0	0

which ended with South Africa accusing their hosts of ball tampering.

That was a one-day international, the feeling being at the time that South Africa was not quite ready for a return to Test cricket, a form of the game they had to almost totally re-learn after two decades of isolation. The feeling now is that they are still not quite there, and that the lack of real depth to their domestic cricket makes England favourites for the series.

It is a dangerous assumption, even though the new generation of South African cricketers (post Wessels, Cook and Rice) has still to mature fully. The last home opposition England identified as ready for the taking were India in 1993. Result, played three, lost three – two by an innings.

Bob Woolmer, whose cricketing and family ties took him back to South Africa as coach despite his successful association with Warwickshire, will have added tactical and technical acumen, and he will have been more or less superfluous in the art of supplying motivation and self-confidence. The republic's current president can testify to the fact that the Afrikaaner culture is not exactly underpinned by feelings of inferiority.

The key to England doing well is likely to revolve around

how their batsmen face up to South Africa's fast bowling. Allan Donald is the best in the world. Fanie de Villiers has a year or two in him yet. Brett Schultz has recently made a successful return from injury, and there are a number of younger pace bowlers (among them Peter Pollock's son, Shaun) beginning to come through.

The pitches themselves are not likely to favour one side or the other. Johannesburg and Pretoria have a bit of pace and bounce, Cape Town and Durban are on the slow but uneven side (Durban's humidity providing more assistance for swing bowlers) while Port Elizabeth is the one venue likely to embrace the spinners.

However, if England are to make a decent fist of this tour, there will have to be a significant improvement in their appalling fitness record. Last winter in Australia, the first patient through the door of the X-ray clinic was invariably an English cricketer, and at one stage in Toowoomba they were so short of able-bodied personnel that the physiotherapist was pressed into fielding service.

This time, they have not even made it to Heathrow with a clean bill of health. Richard Johnson reacted to his surprise selection by immediately failing a medical, and Alec Stewart's right index finger has been battered so often that he scarcely knows whether to smear it with vasoline and slip it inside a glove, or smother it with mustard and plunk it between two slices of bread.

Stewart's fitness is crucial to England's batting line-up, in that there is no other specialist opener to partner Atherton. The rest of the top order puts Graham Thorpe at No 4, Rohan Smith at No 5, Graeme Hick at No 6, with John Crawley and Mark Ramprakash disputing the No 3 position.

In the absence of a recognised all-rounder and Stewart no longer being asked to keep wicket, Illingworth's preference for five bowlers has been temporarily abandoned, although the chairman has decided that he will still retain an ever so slight input on this tour. After much agonising over the best men for the job, Raymond has finally announced his team of tour selectors. "Me".

Illingworth's good chunk of last winter offering long distance impersonations of Fred Trueman ("I don't know what's going on over there...") and if England make a porridge of it this time, an interview with Keith Fletcher ought to make entertaining reading.

**Ray Illingworth has finally announced his team of tour selectors: 'Me'**

## Rowell asks some searching questions Newcastle's Wasps stay in nest

**Rugby Union**  
**STEVE GALE**

English rugby was yesterday confronted with what may be an inconvenient truth when Jack Rowell, the England team manager, posed this question: are the Rugby Football Union, leading clubs and impatient supporters prepared to subordinate everything in favour of winning the 1999 World Cup?

The question was posed when Rowell addressed a post-'95 World Cup conference three months ago but his remarks have now been reported in the RFU's technical journal "England Rugby" and go to the heart of how his team might beat the rest of the world consistently as opposed to in occasional one-offs.

So when the England squad met for an injury-ravaged session at Marlow last night, to Rowell's way of thinking they were getting ready for four years hence just as much as for next month, when they play South Africa at Twickenham.

"Success on the world stage can be seriously contemplated only if the RFU gears everything in this end," he said. "This means that the structure of the domestic game must take the commitment of the international team into account as a priority."

"In the World Cup skill levels which are sufficient for the Five Nations were inadequate. Of all the teams, only New Zealand could play at pace. If England are to play with the same speed of reaction and desire to attack from any

situation, the game nationally has to be the nursery for this style."

Rowell has lately been criticised – not least by Dick Best, whom he sacked as coach – for the failure of his England teams to match up to his own rhetoric of attacking, risk-taking rugby and, if nothing else, these opinions should ensure that the burden of responsibility is shared.

But the club-v-country tensions evident as the game moves towards outright professionalism make Rowell's views as well-timed as a Paul Turner pass. He not only wants the national team to have the priority, but also needs English clubs as well as England to sacrifice themselves by adopting the selfsame attacking, risk-taking style.

"With regard to a change in style, could it be agreed that for

some, hopefully brief, interim period it wouldn't matter if England lost in the Five Nations or against touring teams while we undertake the change?" Rowell asked. "Could the RFU, supporters and players accept that it's one thing to rehearse a new style but yet another to produce it successfully in the heat of a international?"

In other words, Rowell wishes to follow the path trodden over the past four years by Laurie Mains, the New Zealand coach, who was willing – though hardly happy – to take the risk when the All Blacks suffered some unlikely setbacks while he was constructing a team and a style to win the 1995 World Cup.

An extra-time drop goal was all that prevented this happening, and not only did New

Zealand play by far the best rugby, it happened because they had spent years gradually putting the theory of ambitious rugby into practice. The lesson is not lost on Rowell, but then nor is the intensity of public expectation which did not diminish with England's semi-final defeat by the All Blacks.

But to succeed, Rowell admits he needs help. His questioning continued: "Would club officials and spectators be happy if for some relatively long or short term their side lost some of their game – seemingly unnecessarily – in pursuit of the more open, probably error-strewn, adventurous style of play? The World Cup lessons are available to all of us; is the will also available?" Right now, he does not have the answer.

**DAVID LLEWELYN**

Wasps' nest may have been stirred up by their England fly-half Rob Andrew signing up his club captain Dean Ryan, the former England No 8 for Newcastle RFC Ltd, but no-one is going to press the panic button just yet. Jeff Probyn, the former England prop, is a lone voice calling for Andrew and Ryan to be dropped immediately.

On Saturday fourth-placed Wasps entertain Leicester, who are currently second in the First Division, and there is little likelihood that heads will roll before then. Ryan said: "Jeff is well known for his strong views, but they don't necessarily represent a majority on the committee or within the club. Bringing

in a new captain, No 8 and fly-half for a game against Leicester could prove disastrous."

Rob Smith, the Wasps coach, reinforced Ryan's views. "There is no rush to appoint a new captain," he said. "It's important to get the right guy, one the players will respond to. I am going to keep an open mind and talk to people, listen to what they have to say. I've already talked to a lot of players and their initial reaction has been that Dean carries on in charge."

Newcastle still have their eye on the Wales and British Lions scrum-half, Robert Jones, and last night he confirmed that he had been in talks with Andrew. "I spoke to Rob briefly a couple of weeks ago," Jones said, "but there has been no formal offer as yet. I've looked at

what is actually going on up there and I've been very excited by the potential. If something did come through I'd be interested. I told Rob I wanted to get involved in the coaching set-up, although initially I would play for them."

### TODAY'S NUMBER

**3,000**

The approximate number of fans of the Portuguese football club, Porto, who attended a training session to welcome back their coach, Bobby Robson, after a cancer operation in England.

### WEEKEND FIXTURES AND POOLS FORECAST

FA Cup	First Division	Second Division
1 Arsenal v Aston Villa	10 Barnsley v Port Vale	18 Brentford v Peterborough
2 Chelsea v Man Utd	11 Charlton v Norwich	19 Bristol Rovers v Notts County
3 Coventry v Sheff Wed	12 Huddersfield v Sunderland	
4 Man City v Leeds	13 Oxford v Reading	
5 Middlesbrough v QPR	14 Sheff Utd v Leicester	
6 Newcastle v Wimbledon	15 Rangers v Southampton	
7 Norwich Forest v Bolton	16 Watford v Wolverhampton	
8 West Ham v Blackburn	17 West Brom v Portsmouth	
9 Wolves v Ipswich		

### TODAY'S FIXTURES

Football	Rugby League
7.30 Unless stated	Halifax Centenary World Cup
EUROPEAN CHAMPIONS' LEAGUE	Halifax v Leeds
8.30 Unless stated	Leeds v Bradford Bulls
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## Wood's win puts her in 200 club

and charged with drink-driving at the weekend. His Juventus counterpart, Angelo Peruzzi, was once hanned for a year for drug-taking.

Rangers have been here before. In 1978 they knocked Juventus out of the European Cup. That success was achieved under the two-legged rule: Rangers lost 1-0 in Turin, but defeated the Italians 2-0 at Ibrox. Under the Champions' League format a narrow defeat is worthless. Anything less than a point and Rangers will be staring at European oblivion once more.

▲ Ajax's march towards a second successive European Cup final should continue space in the third round of Champions League matches tonight. The Amsterdam side have not conceded a goal in winning their last three league matches. In this season, and they also boast a 100 per cent record in the Champions' League. By contrast, their opponents - Grasshopper Zurich - have lost both their Cup D matches, 3-0 against Ferencváros and 2-0 to Real Madrid. Ajax are without the injured Brazilian international defender, Marco Santos, but expect Marc Overmars, scorer in their 1-0 win over Real, and the Dutch first lieutenant, who hit the back-stick in a 5-1 defeat of Ferencváros, to recover from minor knocks.



that he signed for Middlesbrough because they were the first team to ask.

If Juninho really is the thoughtful, well-adjusted 22-year-old he appears to be, the Premiership will hold no fears for him. Yet whether or not he eventually proves worthy of all the money and adulation one thing remains certain. The long-suffering fans of Middlesbrough, who FCB richly deserved their chance to samba on a Tuesday morning in October:

■ The Football Association has cleared Middlesbrough of any irregularities in the £4.75m transfer of Juninho, following allegations that an unlicensed agent was involved.

England's world No. 2, Peter Marshall, is suffering from chronic fatigue and has pulled out of this week's United States Open. His club manager, Neil Harvey, thinks he is doubtful for next month's

Sri Lanka dealt comfortably with a wayward Pakistan attack, Roshan Mahanama leading the chase with an unbeaten 45 and Cent's Aravinda de Silva adding

"He was special. It's hard to compare him to other drivers, but he had a special talent. He

pool companies since its foundation 20 years ago, has seen its income fall from around £37m to £23.5m during the last year.

### Ice hockey

The British Ice Hockey Association, after meeting with club representatives

North America since 1989, when they played two matches in Canada and two in the States. Meanwhile, a panel of between 30 and 35 players will be announced on Sunday, in preparation for

England's world No. 2, Peter Marshall, is suffering from chronic fatigue and has pulled out of this week's United States Open. His club manager, Neil Harvey, thinks he is doubtful for next month's



## SPORT

**LINFORD CHRISTIE'S AUTOBIOGRAPHY**  
Exclusive extracts begin in Saturday's magazine

# Bayern ruin all Raith's dreams

## Football

DAVID MCKINNEY  
reports from Easter Road  
Raith Rovers  
Bayern Munich

The dream was shattered for Raith Rovers, who fell to a defeat from which they are unlikely to recover, beaten by the classic sucker punch which has accounted for the demise of Scottish clubs in Europe throughout the years.

Playing at the home of Hibernian, Rovers came back from the loss of an early goal scored by Jürgen Klinsmann to battle the German defence, before the former Spurs striker struck again with 17 minutes remaining to effectively settle this Uefa Cup second round, first leg tie.

Rovers' supporters afforded their players, part-time just five years ago, a standing ovation at the end, saluting their efforts throughout the 90 minutes. The club approached this tie in the state of ecstasy they have been in since they won the Coca-Cola Cup 11 months ago.

Promotion has since followed to the Premier Division and two previous rounds have been negotiated in this competition against opposition from the Faroe Islands and Iceland. But not for a second did anyone believe Raith could do much against the Germans, and home support made the trip across the River Forth from Kirkcaldy more in hope than expectation, even out of curiosity: the chance to see Klinsmann in the flesh was too good to turn down.

Klinsmann demonstrated as early as the sixth minute his sharpness around goal when he collected a loose ball before lobbing Scott Thomson, the Raith goalkeeper. Then Klinsmann plunged a dagger into the heart

of the Rovers defence with a late, well-taken, second goal, sidefooting home from close range after a good run by Alexander Zickler.

In between times Rovers recovered from the nerves and shock of the early stages to steady themselves, and in a 20-minute spell at the start of the second half they certainly gave the German defence food for thought.

The confidence surging through the team allowed the ball players such as Danny Lennon and Colin Cameron to hold the ball and look for passes, whereas in the first half they had treated it like the proverbial hot potato.

Throughout the game one man stood firm at the heart of the Rovers defence: David Sinclair, at times looking as naïve and clumsy as an amateur, nevertheless was a rock at the back and took time to venture forward. From him the rest of the team drew strength and confidence.

Sadly for the home support the closest their favourites came to a goal was in the 65th minute when the Bayern goalkeeper, Oliver Kahn, pulled off a seemingly impossible save to deny Cameron, whose header was heading for the top corner of the net.

Operating on the break the Germans nevertheless contrived to create several chances in the latter stages as Rovers tired and inevitably left gaps in their defence. Thomson saved well from Zickler while Christian Ziege found space for a run and a shot which went wide.

With five minutes remaining Jean-Pierre Papin, on as a substitute, fed Klinsmann whose header was brilliantly tipped over the bar and the Frenchman himself later had a shot crash back into the play off the crossbar.

By then the hopes and the dreams were well and truly buried, as it is unlikely that Rovers will be able to pick up the pieces for the second leg in two weeks' time.

Raith Rovers (5-3-2): Thomson; Kirkwood, Sinclair, Coyne, Dennis, Brodie; Lennon, Cameron, Graham, Blair.  
Bayern Munich (4-3-3): Kahn; Kreuzer, Singer, Holmer, Ziege; Hamann, Ziege, Herzog; Zickler, Schuster, Klinsmann.  
Referee: R. Harrel (France).



Bayern Munich's Thomas Helmer watches the ball while Raith's Danny Lennon watches him in last night's Uefa Cup tie

Photograph: Alisport

## Wilkinson rejects England position

CATHERINE RILEY

Howard Wilkinson, the Leeds manager, yesterday rejected the chance to become the Football Association's technical director, a newly created post which would have offered him a key role in restructuring the English game over the next 10 years.

Wilkinson said he had given the matter considerable thought, but had decided to stay at Elland Road. "I have decided I am not yet ready to hang up my track suits and boots. I am very happy at Leeds," he said. "We have achieved a lot since I came here and I feel we will continue to make progress. I want to be part of that future."

Wilkinson added that, had the opportunity arisen "four or five years down the line", his decision might well have been different.

However, David Davies, the FA's spokesman, denied Wilkinson had been offered the position, saying: "In the light of recent statements and events, the FA wants to make it clear that nobody has been offered the job of technical director. Any implication by anybody that it has been offered to them would be absurd."

"The reality is that the views of certain individuals have been sought on their vision of English football at all levels. Any decision on the appointment of a technical director is most unlikely until the first month of 1996 at the very earliest."

Paul Ince is determined to win over the Internationale fans and recapture his England place. He admitted yesterday he has had difficulty settling in Italy following his transfer from Manchester United.

"I am hoping I will be considered for England's match against Switzerland next month," Ince said. "There has been a problem adapting to the game in Italy. It is not as aggressive as people in England kept saying and I have had to adapt, but I think it is too late to change my game. We need time to become a good side, but unfortunately, in Italy you don't get time."

Alan Ball has reacted angrily to further reports that he had put the entire Manchester City first-team squad up for sale. City prop up the Premiership with just one point from nine games and have lost their last eight matches in the League.

"I have no money to buy players and because I have said I have to make my own money, people are putting two and two together, and saying anyone and everyone's available," he said. "At this moment in time, I have had no contact with any manager in the Premiership or the First Division over the last 10 days or so."

## Burns spells out Celtic's strategy

Tommy Burns faces his biggest examination since taking over at Parkhead 15 months ago when his Celtic team meet Paris St Germain in the European Cup-Winners' Cup second round first leg tie in Paris tomorrow.

PSG have reached the semi-finals of all three European tournaments over the past three years, culminating in last season's Champions' League exit at the hands of Milan.

George Weah and David Ginola may have departed but Luis Fernandez's team still represent a huge obstacle in Celtic's bid to reach their first European quarter-final for 16 years.

Celtic have injury doubts over Josh McKinlay and Simon Donnelly. Full-back McKinlay

has a thigh strain while midfielder Donnelly has a pulled calf muscle. If the experienced McKinlay does not recover in time to play, Burns will go with youngster Jamie McQuilken who has done well in recent first team outings.

"Jamie has been doing well so I would have no problem with putting him in," Burns said. "Besides the young players need experience but can only get that if they play."

"I want my players to go there and not be frightened of the occasion but to attack it. This will be a real test and will let us see what we have in our squad."

Burns has better news in the midfield, with Phil O'Donnell likely to be fit after playing in the reserves in midweek and training during the week.

Burns added: "Phil has every

chance of playing, because this is a game where I feel his style could be to our advantage.

"The Scottish people are aggressive by nature and like their football of the raw meat variety but too often in the past we have been found out in Europe."

"I am trying to get my players to see the game in terms of the full pitch and to get a better understanding of the game."

"They are beginning to play the way I want, and as time goes on they will get better at it while we are working at getting a cutting edge."

"We are keeping good possession of the ball and I don't think we will change from that too much because that is a quality which is vital in Europe where teams can break quickly if you lose possession."

"We are under no illusions

they will be a good side because they have a lot of quality players although I believe they are not perfect and can make mistakes."

"We will go there trying to score a goal because it's very important in Europe that you take something from the away tie."

Brian McLaughlin, Celtic's 21-year-old winger, is relishing the prospect of his Paris match. "This is the kind of match you dream about as a kid," said McLaughlin, who only broke into Celtic's first team in the second half of last season.

"I've played in France for Scotland at the Tulon Under-21 tournament but I've never been to Paris. I'm really looking forward to experiencing the atmosphere."

"From what we know, PSG are good going forward. We can only hope they may leave one or two spaces for us to exploit if that happens."

Fellow youngster Simon Donnelly, just 20, is also excited the prospect of facing the French in the Parc de Princes stadium where Scotland's rugby team triumphed earlier this year.

"I think Thursday will be the highlight of my career," Donnelly said. "It's a chance to play against some of the best players in the world and gauge yourself against them."

PSG go into the match lacking confidence. They have not won in their last three games and drew 0-0 at Lyon over the weekend despite the opposition's goalkeeper being sent off after 20 minutes.

## RESULTS

## Football

UEFA CUP  
SECOND ROUND FIRST LEG  
Raith Rovers (0) — 0 Bayern Munich (0) 2  
12.8.18 Wismann 6, 73  
(at Easter Road, Edinburgh)

Other ties: Chornomorets Odessa (UK) 0 Lions (FRI) 0.

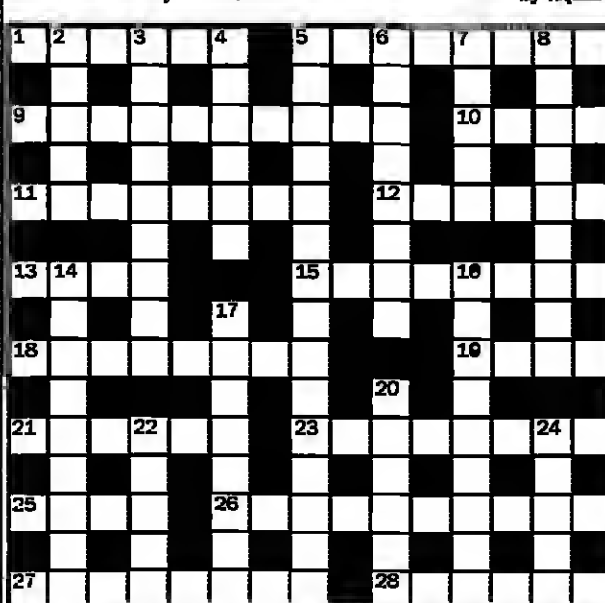
AVON INSURANCE CONSERVATION FIRST  
Division: Walsford 1 Bristol Rovers 0.

## THE INDEPENDENT CROSSWORD

No. 2886, Wednesday 18 October

By Aquila

Tuesday's Solution



## ACROSS

- 1 David, for example, standing right away? (6)
- 5 Saw knees buckling from debility (8)
- 9 Second note for a marvellous analeptic (10)
- 10 Ring-game over (4)
- 11 Ghost in existence (8)
- 12 European blue flower... (6)
- 13 ...or their other one? (4)
- 15 Naturally, there is a tavern at cathedral city (8)
- 18 Some bowling slow and pitched up too far (8)
- 19 Canned peas in church recess (4)
- 21 A southern seabird in wake of vessel (6)

## DOWN

- 2 Scraped area where an undergarment is on the wrong way (8)
- 25 Burn rubber and dead wood (4)
- 26 Loyalty, for example, required in marriage (10)
- 27 One breaks promise to try a beer out (8)
- 28 Plan of the Circle Line? (6)
- 2 Properly aligned rook — what could be more natural? (5)
- 3 Fund-manager finds rate of exchange more dependable (9)
- 4 Navigational instrument with top broken off is still working (6)

- 5 Rootless, bearty variety of house-plant (9,6)
- 6 One died in stress of pile-up (8)
- 7 Name only changed in this yarn (5)
- 8 Surface-to-air missiles grow rapidly by the second (9)
- 14 Lay waste in old Chester, say (9)
- 16 Decode and startle an organisation (9)
- 17 Pale, being tied to a rare unknown? (8)
- 20 Shock for fellow-Conservative (6)
- 22 Clear sky shows some of comet here (5)
- 24 Our acceptance of cricket-club to come about (5)

## Queensland feel able to ignore Symonds

## Cricket

Andrew Symonds' short, but controversial career took another twist yesterday when the Queensland selectors left him out of their squad as they start their defence of the Sheffield Shield tomorrow.

Symonds, born in Birmingham but brought up in Australia since he was 18 months old, was selected for the England A tour to Pakistan after averaging 55 for Gloucestershire last season but turned down the invitation, preferring instead to return to Australia.

But Queensland have chosen the 22-year-old Jimmy Maher for their opening four-day match against Victoria. "We certainly have a wealth of talent in our batting just now with a number of other young players besides Andrew vying to get a game," John Buchanan, the Queensland coach, said yesterday.

"Andrew had a good season in England but he still needs to

show his undoubted talent here in Australia and put some runs on the board."

Symonds, voted Young Player of the Year by his fellow county professionals in England, and who hit a world record 200 in an innings in August, is assigned to the prospect of filling a lesser role for Queensland over the coming months. "As far as this season is concerned, I always looked upon myself as a fringe player battling to get into the side," he said.

Queensland lifted the Shield for the first time last year at the Gabba, ending a run that dated back to 1926-27 and the former Australia captain Allan Border, now 40, has provided a further boost by postponing his retirement for another season.

"Allan is still scoring the runs and his fierce competitiveness and experience are a great influence on younger players," Buchanan said.

Queensland are likely to face a stern challenge from New South Wales, Shield champions

42 times, most recently in 1994, who open their campaign against Western Australia in Perth today.

After finishing fifth in the standings last season, they appointed former Test fast bowler Geoff Lawson as coach to revive their fortunes.

NSW, who provide the bulk of the Australian Test side, will benefit from an international fixture list that frees Test captain Mark Taylor to play more Shield games.

Taylor will be joined in the state's ranks by fellow Test batsmen Michael Slater, Steve Waugh, Mark Waugh and Michael Bevan, and the fast bowler Glenn McGrath.

South Australia, losing Shield finalists last season, and Tasmania, who finished bottom on the table, complete the line-up for the six-team competition.

In a major format change, more Shield cricket will be played at night this season, with five of the six states hosting day-night matches.

## Schumacher's team challenge

## Motor racing

Michael Schumacher, the Formula One world champion poised to reclaim his title this week, said yesterday he also wanted to steer the Benetton-Renault team to the constructors' title before departing for Ferrari.

"I believe we are going to win the championship this year. We won it last year, and I hope I can secure the constructor's championship as well this year," said Schumacher, who leads the drivers' championship by an almost unassailable 27 points.

The German driver, on a two-day visit to Thailand to promote Formula One, needs just three more points to clinch the title, while the Benetton team lead Williams by 20 points in the constructors' table.

Schumacher, who recently signed a multi-million dollar deal with Ferrari for two seasons, said that he decided to leave Benetton after nearly five years because he needed a fresh challenge.

"Life changes and I'm looking for a new challenge," he

said. "When we've done this [the drivers' championship], we've done everything you can... in Formula One together. That is the reason I've decided to look for a new challenge which hopefully is going to be successful."

After his visit to Thailand, Schumacher heads to Japan for the Pacific Grand Prix and the Japanese Grand Prix in successive weeks. Those races will be followed by the Australian Grand Prix in Adelaide on 12 November, the final race of the Formula One season.

## 7. DOWN.

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